

2010/2011



ANNUAL REPORT

KWA SANI MUNICIPALITY

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

Compliments of the season to all Kwa Sani Local Municipality’s residents and all the stakeholders involved in the life of this Municipality. Again we are pleased to officially present our Annual Financial Report, where we report about our progress and activities for the year, what we have done and how. However it remains the responsibility of the community to verify the credibility of what we are presenting.

I would like to thank all Kwa Sani residents and voters who participated on the 2011 Local Government Elections, we have been given a new mandate and we hope that we will do all we can to ensure that we deliver what is expected from us. The team of councilors that was elected is very energetic and always willing to work beyond the scope of their work in ensuring that we deliver the best services to the community. I am confident that they will execute their duties well, and provide all the required support to the Management, perform their oversight role and consult regularly with the communities.

First and foremost I would like to express my appreciation to my colleagues, officials, government departments, stakeholders, and the rest of Kwa Sani Community for the commitment, patriotism, collaboration, dedication, unity and cohesion they have displayed. This Municipality has proved that Good Governance will always top its agenda, even during trying times like Local Government Election would not de stabilise its functioning. We are very excited to obtain unqualified audit opinion once again. It must be remembered that the Municipality has obtained these for the past three financial years. We are now confident as the Municipality and Determined to achieve even more. We are also humbled by comments and rating we got on the progress we have made on our Integrated Development Plan, as we were rated number 60 two years back but later on (in 2010) we were rated number 13 which is a very big achievement on our side. We believe that we still have a room for improvement and we must focus on improving our situation for the better. But this we cannot do on our own we need all the support we can get from all our stakeholders, and we must utilise all the capacity we possess, give it our best efforts.

The infrastructure projects that we delivered will always make us proud, when we do a project we want to leave a mark that will be celebrated not only by the current generation but also many generations that would come. We are also working very hard to remain competitive in many areas in which Municipalities compete. We have also won awards on the former Cleanest Town Competition which is now known as Greenest Town Competition in numerous occasions. But we have a mandate, obligation and a responsibility to do what we are doing. We are not doing it for the sake of wining competitions or awards but compliance, transparency and accountability are

our priorities. Auditor General is aiming to have government departments that get clean audit opinion by 2013. I am very optimistic that that achievement is certain. This report will keep all the people of Kwa Sani informed and where there is uncertainty our doors will be always open.

I therefore would like to call upon all Kwa Sani residents to come and join hands with us. We believe that together we will do more and build better communities.

**Honourable Mayor
Councillor M. Banda**

COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER'S OVERVIEW

This Annual Report is a culmination of the implementation of the Council's adopted Integrated Development Plan and Budget and Service Delivery and Budget Implementation Plan for the 2010/2011 financial year. This Report presents the institution's achievements and challenges in working smarter and better in improving service delivery and development.

The Municipality's progress in achieving its objectives in all five key performance areas will be outlined in this Annual Report. The key performance areas are as follows:

- Basic service delivery and infrastructure development
- Municipal financial viability and management
- Municipal transformation and development
- Local economic development
- Good governance and public participation

Key achievements over the review period include, but are not limited to the following:

- Receipt of unqualified audit opinion from the Auditor-General.
- Construction of 4 community Halls:
 - Ntwasahlobo Community Hall;
 - Mkhomazana Community Hall;
 - Netherby Community Hall and
 - Enhlanhleni Community Hall
- Re gravelling 4.2 km's of municipal access roads,
- Finalisation of the Housing Development Project Plan,
- Maguswana Housing Project – Resulted in the Upgrade of 1200 houses constructed.
- Development and submission of the Municipality's Waste Recycling Plan,
- Reichenau and Homestead Food Security Projects which approximate R7 500 000 were approved after business plans were submitted,
- Completion and submission of Employment Equity Plan and the Work Place Skills Plan,
- Appointment of Section 57 Manager to occupy the post of Chief Finance Officer,
- Various sporting programmes were held; i.e. Kwanaloga Games, Mayoral Cup and Winter Cup,
- Cultural Events were held – Local Music and dance competitions and structure meetings were held, not forgetting Sisonke District Cultural Festival,
- Development of the Youth Strategy,
- Motivational talks held for Women's Day Function and
- Adoption of the municipality's Performance Management Policy and Framework.

Despite the notable progress made during the 2010/2011 financial year, the Municipality is acutely aware of the many challenges that await, as listed below:

- Developing ward-based profiles that include social infrastructure backlogs, to improve the quality of information available.

- Communicating more effectively, with the residents of the Municipality,
- Prioritising intergovernmental challenges such as weak systems, uncoordinated planning, and un-integrated budget planning and
- Collection of Rates and taxes is still a matter of grave concern

Debtors balance at 30 June 2011 approximated R 4 7 00 000. Of this, 86% of the debt is outstanding for a period in excess of 120 days. The Municipality is monitoring all outstanding debtors and as part of its credit control process is putting improved measures in place to reduce debt. Old debt is accumulating as interest and penalties are levied against it. Collection initiatives will be rolled out in the 2011/2012 financial year to recover amounts due to the Municipality.

Kwa Sani Municipality is proceeding with improving its internal processes and systems on a number of fronts, such as contract administration, performance management, asset management, maintenance programmes, development of municipal by-laws and improving our internal communication and co-ordination to respond to the issues that confront us daily.

While we are satisfied with our progress over the past year and are clear about our priorities as articulated in the Integrated Development Plan and Turn Around Strategy, there is much to do in the year ahead. We are committed to improving the way we work continually in order to deliver quality services to the communities of Kwa Sani. We must therefore continue to strive towards service excellence in meeting and exceeding the needs and aspirations of our community.

I would like to express my sincere gratitude to all Councillors, officials, the communities of Kwa Sani and stakeholders in making 2010/2011 a success.

Municipal Manager

INTRODUCTION TO BACKGROUND DATA

Kwa Sani Municipality is located within the Sisonke District Municipal area and is the gateway to the striking Southern Drakensberg, which borders the Ukhahlamba Park and a World Heritage Site.

The municipality is bordered by the Umkhomazi Wilderness Area to the West, Greater Kokstad to the South West, Eastern Cape to the South, Ingwe Local Municipality to the East and Impendle Local Municipality to the North.

Due to its locality, the area is of outstanding natural beauty, abundant water supply and rich agricultural potential. The area is best known by its link with Lesotho via Sani Pass – a tourist attraction of note.

The KwaSani Municipality, the primary tourist destination in the District, is home to only approximately 3 % of the District population. In terms of the 2007 Community Survey of Statistics South Africa the Sisonke Municipality has a population of just over have a million people.

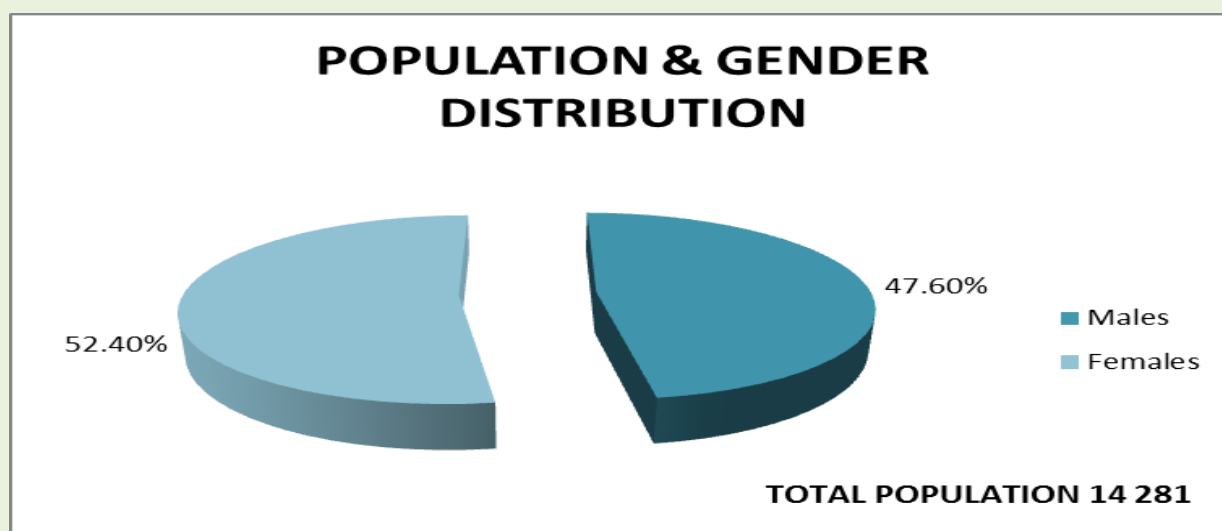


Figure 1

The statistics in Figure 1 were obtained from the Stats SA Community Survey issued in October 2007. As the survey is based on random sample and not a census, any interpretation should be understood to have some random fluctuation in data. In terms of Gender distribution Females

make up 52.4% of the population with Males in the minority of 47.6%. In 2001 Census indicated that the total population was 15 324.

DEMOGRAPHICS AND SOCIO ECONOMIC CONDITIONS

Other than for the formal urban development in Underberg and Himeville the people of the KwaSani Municipality is located in dispersed rural settlements throughout the Municipality. Typical features of the settlements include:

- Informal / traditional in nature;
- Unplanned structure;
- Generally low but varying densities;
- Commercial needs served in Underberg; and
- Varying levels of access to infrastructure.

The municipality is 1180 sq km's in extent. Due to its location the terrain is very mountainous and the rural communities tend to be clustered, with the clusters being widely dispersed. The area comprises two urban areas, i.e. Underberg and Himeville, plus the following rural communities: Mqatsheni; Enhlanhleni; Kwa Pitela (Stepmore, Netherby, Ntwasahlobo, Ridge, and Kwa Thunzi, previously part of KwaSani has a result of a Demarcation Board decision now been included in the Impendle Municipality).

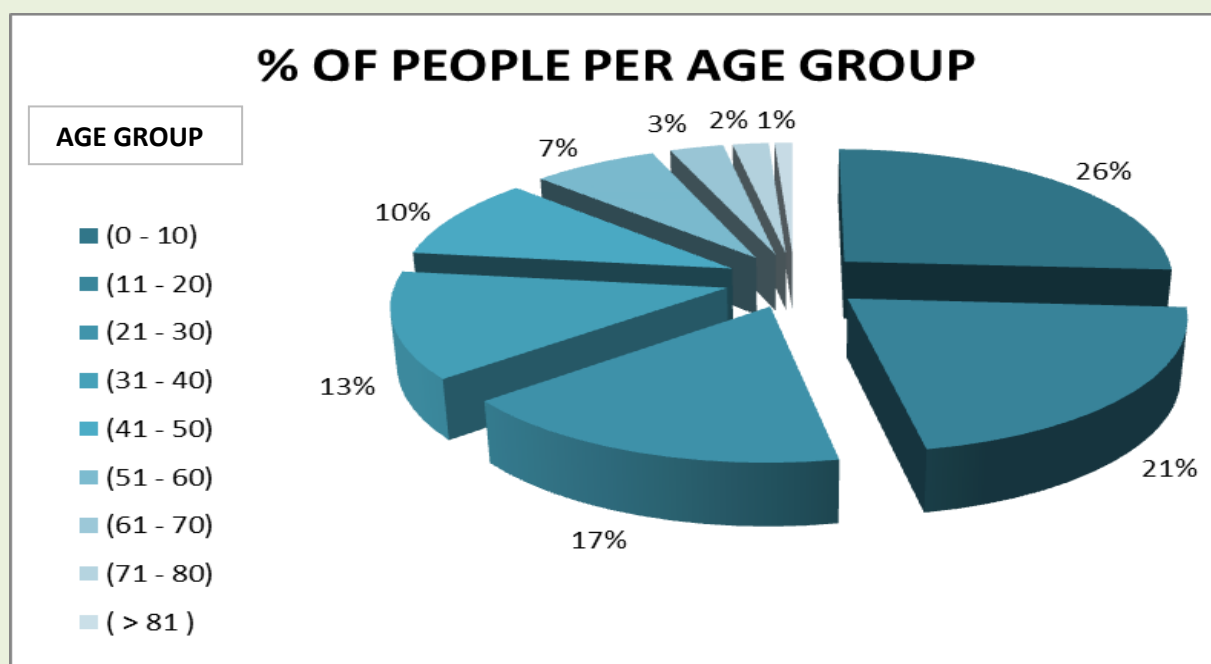


Figure 2

Figure 2 further illustrates that the population of the municipality is relatively young with nearly 50% of the population being 20 years and younger. This suggests a future increase in the number of people entering the job market, as well as those that will be in need of various social and health services in the municipality. The more urgent current need is then for appropriate education, social and recreation facilities for this age group.

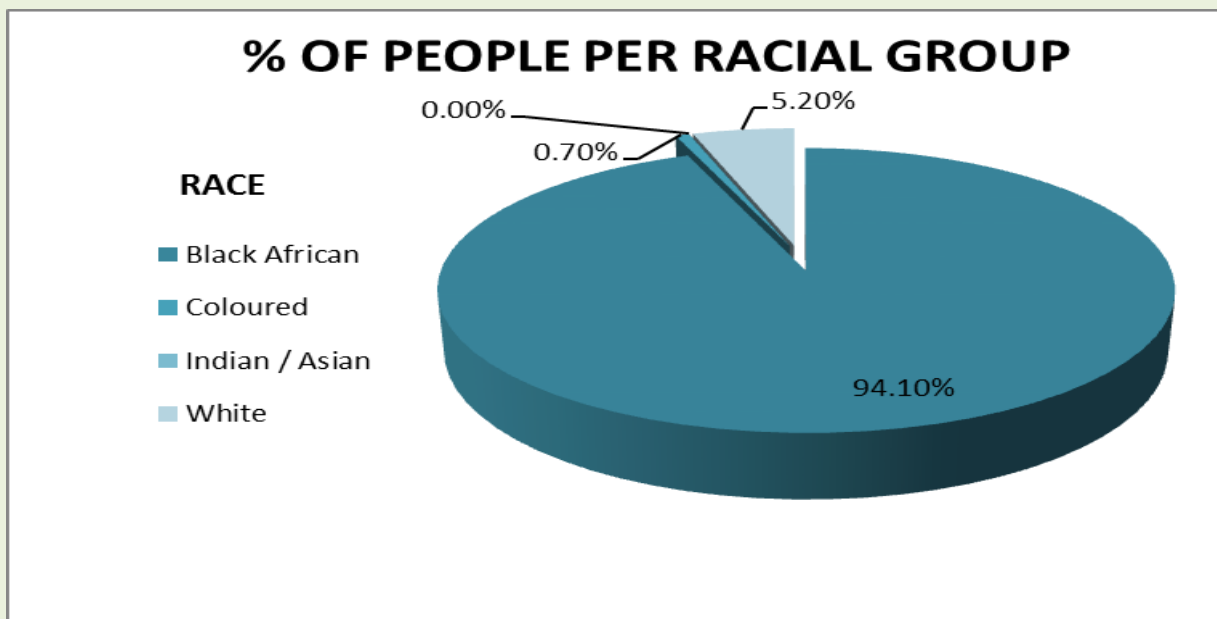


Figure 3

The majority of the population of the KwaSani Municipality is from a previously disadvantaged background. This section of the population is then also rather located in the dispersed rural settlements of the municipality which impacts on the ability of the municipality and other service providers to support the basic development needs of this group.

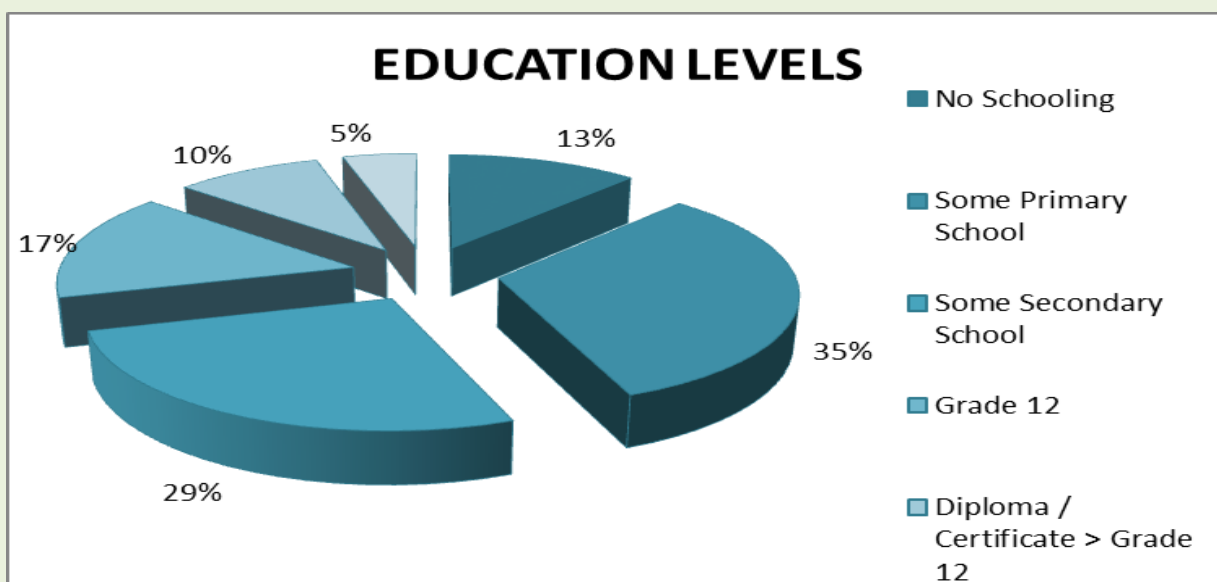


Figure 4

Current education levels in the Municipality provide a good understanding of the skills and potential that exists within the workforce. Figure 4 above, reflects on the education levels of all

individuals in the Kwa Sani Municipality that were 19 years and older in 2007. It is noted that 75% of the people older than 19 years of age have not completed a secondary school career. Slightly less than 25% of this group has passed Grade 12 or has gone on to achieve other tertiary qualifications. Six percent of the population has a tertiary qualification of some sort. In many of the rural schools subjects such as Mathematics and Science are not taught due to lack of suitably qualified teachers.

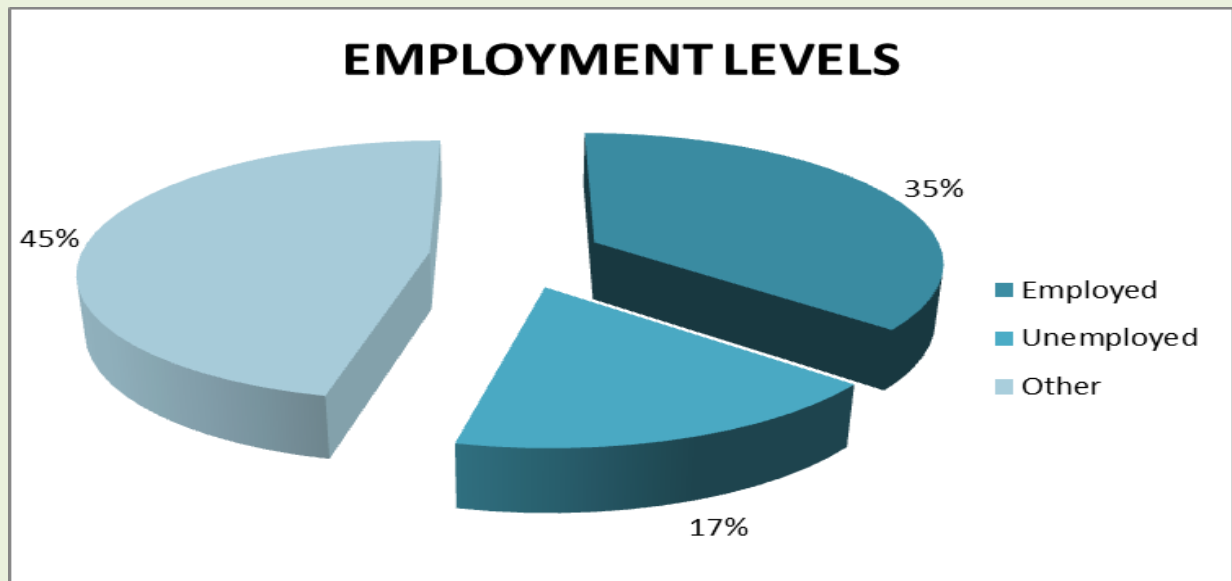


Figure 5

JOB CREATION AND EMPLOYMENT

Figure 5 illustrates that of the 8 985 people in the Kwa Sani workforce only 37% are employed. Although unemployment levels are in line with national standards, the “other” category representing those in the workforce not currently seeking employment is high. This contributes to amongst other things high dependency ratios in the municipality.

Natural Resource	
Major Natural Resources	Relavance to the Community
Kwa Sani borders the the Ukhahlamba Park and a World Heritage Site	<ul style="list-style-type: none"> - World Heritage Site - Major Land mark - Tourist Attraction. Revenue Generating resources.
Sani Pass to Lesotho	
Trout Fishing	
Rock Art - San Paintings	
Rivers & Drakensberg Mountains	

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COMPONENT C: STATUTORY – ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September / October
12	Municipalities receive and start to address the Auditor General's comments	January / February
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	February
16	Council adopts Oversight report	

17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January / February

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THE ANNUAL REPORT PROCESS

- The IDP sets out the vision and objectives / goals and development plans of the municipality. It is presented to council who adopts it and undertakes an annual review and assessment of performance.
- The IDP informs the budget. The budget sets out the revenue raising and expenditure plan for approval by council.
- The budget and IDP informs the SDBIP which lay the basis for performance agreements of the Municipal Manager and senior management.
- The IDP review is informed by changing circumstances. Evidence of this is obtained from the mid year budget and performance reviews in terms of S72 of the MFMA and also the Annual Report in terms of S121 of the MFMA tabled to council.
- The fourth quarter, unaudited report, that includes the Annual Financial Statements as well as the Annual Performance Reports, (S46 of the MSA), are submitted to the Auditor General who will then issue an audit report on financial and non financial audits simultaneously.
- Annual Reports provide feedback on the implementation of performance in relation to the IDP, budget and SDBIP in terms of the performance measurement system.
- Council adopts an oversight report based on outcomes highlighted in the Annual Report and actual performance.

GOVERNANCE

To ensure accountability and governance arrangements are in place, information on matters of governance should be communicated to communities. Kwa Sani Municipality has elected to convey this message via the compilation and publication of its Annual Report. The purpose behind the report is to promote accountability to communities for decisions taken by the council and matters relating to administrative structures, throughout the financial year.

Characteristics of good governance include the following:

- **Participation** – This can be directly to the public or via community representation.
- **Rule of Law** – This refers to the legal framework that council and administration strive to enforce impartially.
- **Transparency** – Stakeholders are provided with information on why decisions were made.
- **Responsiveness** – Institutions and processes try to serve all stakeholders within a responsible timeframe.
- **Consensus oriented** – Good governance requires mediation of the different interest in society to reach a broad consensus on what is in the best interest of the whole community and how can this be achieved.
- **Equity and Inclusiveness** – Society's well-being depends on ensuring that all members feel that they have a stake in it and do not feel excluded from the mainstream of society.
- **Effectiveness and Efficiency** – Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.
- **Accountability** – is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of the law.
- **Sustainability** – is the capacity to endure, how systems remain diverse and productive over time. It is the potential for long term improvements, which in turn also depends on the responsible use of the natural resources.

Good governance can be divided into four (4) critical components:

- Component A: Political and Administrative Governance;
- Component B: Intergovernmental Relations;
- Component C: Public Accountability and Participation and
- Component D: Corporate Governance;

All of which are discussed below.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

POLITICAL STRUCTURE

MAYOR / SPEAKER

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution, S 151(3), states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

S 7(c) of the Municipal Structures Act, Act 32 of 2000, defines Kwa Sani Municipality as a plenary executive system which limits the exercise of executive authority to the municipal council itself.

INTRODUCTION TO POLITICAL GOVERNANCE

The S 52(a) of the MFMA clearly stipulates that the Mayor must provide general political guidance over the fiscal and financial affairs of the municipality.

KSM constituted two (2) separate Councils during the 2010/2011 financial year due to the elections that took place on 18 May 2011. The composition of the Municipal Council during the course of the financial year is illustrated in Table 3

The Municipal Systems Act empowers Council to establish one or more committees necessary for the efficient and effective performance of any of its functions or the exercise of its powers. This was the basis of the formation of the Oversight and SCOPA Committees in June 2011, post elections. Membership to committees is detailed below in Table 4.

The Mayor has discharged his obligation in terms of S166 of the MFMA at KSM through the appointment of the audit committee who exercises oversight on behalf of the Council. Audit Committee was appointed in November of 2010. Table 5, details composition of the committee along with dates of regular meetings that were held during the course of the financial year which enabled the committee to perform their function effectively. The committee tasked administration with recommendations which are illustrated in Appendix 9. One of the functions of the audit committee focused on the review of the Annual Financial Statements for 2010/2011, prior to submission to the Auditor General. The Report of the Audit Committee on the Annual Financial Statements is contained in Appendix 4.

ClIr M Banda



COUNCILLORS

Pre Elections:

- ClIr D Adam
- ClIr P Joxo
- ClIr Luswazi
- ClIr I Ndlovu

Post Elections

- ClIr D Adam
- ClIr PR Crawley
- ClIr VP Majozi
- ClIr SB Mqwambi
- ClIr PN Mncwabe
- ClIr EZ Radebe

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time (FT / PT)	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance

				%	%
M B Banda	PT		ANC	81%	19%
D Adam	PT	SCOPA	DA	100%	0%
P Joxo	PT	SCOPA	IFP	53%	47%
N Luswazi	PT	SCOPA	ANC	71%	29%
I Ndlovu	PT		ANC	82%	18%
PR Crawley	PT	MPAC	DA	100%	0%
VP Majozi	PT	MPAC	Ward 1 ANC	60%	40%
SB Mqwambi	PT	MPAC	Ward 2 ANC	100%	0%
PN Mncwabe	PT	MPAC	Ward 3 ANC	100%	0%
EZ Radebe	PT	MPAC	Ward 4 ANC	100%	0%

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Audit Committee Meeting attendance				
Member Name and designation	Skills / Experience	Meeting dates	% Meeting attendance	% Meeting apologies
Mr M Mrasi - chairman	Senior member at COGTA	26 th November 2010 15 th April 2011 15 th June 2011 30 th June 2011	75%	25%
Mrs S Keshav – member	Attorney with vast legal knowledge w.r.t municipalities	26 th November 2010 15 th April 2011 15 th June 2011 30 th June 2011	100%	
MR R Bowyer – member	Employee of COGTA	26 th November 2010 15 th April 2011 15 th June 2011 30 th June 2011	100%	

T5

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The MFMA S 60(b) states that Municipal Manager of a municipality is the accounting officer of the municipality and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

Table 6 contains the structure of the Municipality.

ADMINISTRATIVE STRUCTURE

DIRECTORATE	TITLE, NAME AND DESIGNATION	ROLES & RESPONSIBILITIES
Municipal Manager	Mr. SP Gwacela	<ul style="list-style-type: none"> • Must exercise the powers and functions assigned to an accounting officer in terms of the MFMA; • provide guidance on compliance with the MFMA to political structures; political office bearers, and officials of the municipality; • Exercise a fiduciary responsibility in terms of S 61 of the MFMA.
Director: Planning & Community Services	Ms. SA MsAlister	<ul style="list-style-type: none"> • The accounting officer may in terms of S 77 of the MFMA delegate any of the powers or duties assigned to an accounting officer. • HOD to 6 Departments – daily management of departments and personnel; • Planning – IDP; • Local Economic Development – business plans to secure funding; • Project management; • Tourism – Corridor Development; • Rural Development – linking economic activity to poor households; • Administrative duties – Reports, Monthly, Quarterly, correspondence etc., • Service Delivery – Operational and strategic in terms of planning.
Director: Chief Finance Officer	Ms. K Mackerduth CA (SA)	<ul style="list-style-type: none"> • Administratively in charge of the budget and treasury office; • Advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of the MFMA; • Assist the accounting officer in the administration of the municipality's bank accounts and in the preparation and implementation of the municipality's budget; • Must advise senior managers and senior officials in the exercise of powers and duties assigned to them in terms of S78 of the MFMA or delegated to them in terms of S79 of the Act. • Must perform such budgeting, accounting, analysis, financial,

		<p>reporting, cash management, debt management, supply chain management, financial management, review and other duties delegated in terms of S79 of the MFMA by the accounting officer to the CFO.</p> <ul style="list-style-type: none"> • Compilation of the Annual Report. • Formation, Adoption and Implementation of the Performance Management System.
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FUNCTIONS OF MUNICIPALITY		
Municipal Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (yes/No)
Constitution Schedule 4, Part B functions:		
Air Pollution	N/A	N/A
Building Regulations	Yes	N/A
Child care facilities	N/A	N/A
Firefighting services	N/A	N/A
Local tourism	Yes	N/A
Municipal airports	N/A	N/A
Municipal planning	Yes	N/A
Municipal health services	N/A	N/A
Municipal public transport	N/A	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	Yes	N/A
Pontoons, ferries, jetties, piers and harbors, excluding the regulation of international and national shipping and matters related	N/A	N/A
Storm water management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic water and sewage disposal systems	N/A	N/A
Beaches and amusement facilities	N/A	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlors and crematoria	Yes	N/A
Cleansing	Yes	N/A

Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	Yes	N/A
Fencing and fences	N/A	N/A
Licensing of dogs	N/A	N/A
Local amenities	N/A	N/A
Municipal parks and recreation	Yes	N/A
Municipal Roads	Yes	N/A
Noise Pollution	Yes	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street Trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A

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COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The MSA S3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution S41.

Provincial Treasury and The Department of Cooperative Governance and Traditional Affairs have designated regional managers who are assigned to provide assistance and support to KSM in various areas ranging from compliance with the MFMA, SCM Regulations to councilors remuneration. The Supply Chain Management official from Treasury conducts quarterly assessments to determine the level of compliance with the relevant laws and regulations and the

necessary corrective action to be taken. Continued support in these areas are encouraged and appreciated.

KSM relies on various governmental departments for funding in order to deliver on services. We work with various departments in terms of service delivery and development initiatives. E.g. The Department of Human Settlements for Housing. Department of Economic Development and Transport for LED transport for roads infrastructure. Mayor's stakeholders' forums to which all government departments are invited for alignment and input on projects.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

From a governance perspective the KwaSani Municipality faces a number of challenges. The core issue contributing to these challenges is inefficient communication between the Municipality and a range of stakeholders, including:

- Line function departments (and other spheres of government) – intergovernmental communication, in general;
- District Municipality; and
- Certain civic organization

Despite resistance to transformation in some communities, the level of public participation in planning and development in the municipality is good and good communication exists with the largest constituent of the municipality. A draft communication strategy has been developed by the municipality and implementation of the strategy must now be supported. In order to improve on communications the following is to be focused on by the Municipality:

- Identifying a resource specifically responsible for communication in the municipality; and
- the communication strategy be reviewed.
- Other significant interventions that will contribute to improving levels of governance are:
- The implementation of the SDBIP (Service Delivery and Budget Implementation Plan);
- The review and consistent implementation of by-laws in the Municipality.
- Improve on the existing communication initiatives
- Continue to address and implement turnaround strategy issues
- Monitor and implement performance management system

PUBLIC MEETINGS

The following public meetings were held during the course of the 2010/2011 financial year:

- Quarterly budget and IDP meetings;
- Mayors Stakeholders Forum;
- Municipal Property Rates Act Meetings;

- Project Steering Committee meetings;
- Business and Ratepayers meetings and
- Ward Committee Meetings

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance can be split into 5 areas:

- Risk Management
- Supply Chain Management
- Anti-Fraud and Corruption
- By Laws
- IT / Website

All of which are discussed below in more detail.

RISK MANAGEMENT

S 62(i)(c) of the MFMA requires a municipality to have and maintain an effective, efficient and transparent system of risk management. As a result, KSM has in terms of S165 of the MFMA appointed a service provider, KPMG, to act as the Internal Audit Unit. One of their functions entailed identification of the municipalities top 10 risk areas" as evidenced in Table 8

No.	Risk name	Root cause of the risk	Consequence of the risk
1	Possible change to demarcation status	Political agendas and timelines Amalgamation of Municipalities	Potential loss of equitable share and additional costs in terms of additional councillors Size of Municipality would make a takeover by a larger Municipality more viable
2	Outdated infrastructure	Historical legacy Unavailability of funding (limited maintenance and capital expenditure) Incorrect equipment available to perform required tasks Harsh climatic conditions on the road infrastructure Increase of heavy vehicles on the roads infrastructure	Consumer dissatisfaction Ability to attract economic development is affected Poor service delivery

3	Inter-governmental co-operation does not exist at District and Provincial level	Lack of understanding of roles and responsibilities (from the District) Differing priorities at District and Provincial level Political interference (District level) Incorrectly placed personnel (District level) Insufficient resources (Provincial level) Apathy and non-commitment of stakeholders to engage Ineffective planning within the District	Loss of funding / grants Harm to reputation Consumer unrest Unbudgeted expenditure Underutilisation of assets Ineffective service delivery
4	Limited revenue base from all sources	Mix and spread of population (approximately 7 000) Current macro-economic downturn Revenue only generated on certain municipal services Infrastructure does not support the population growth	Service delivery is compromised Increase in grant dependency - sustainability is challenged Consumer unrest Inability to meet set targets Inability to fill vacant positions
5	Instability of finance department	Utilisation of acting personnel No initiative taken to fill vacant positions on a permanent basis	Under spending / overspending of the budget Negative cash flow impact Negative impact on debt collection Operational inefficiencies Delays in projects etc. Non-compliance to financial policies, procedures and legislation
6	Land availability	Land claims within the municipal boundaries Most land privately owned	Inability to meet LED growth targets Loss of revenue Delays in service delivery Inability to attract people to the area Tension within the community
7	Ownership of a landfill site	The transfer site is a short term solution Reliance on Msunduzi Municipality to accept Kwa Sani's waste	Environmental spillage Harm to reputation Possible fines and penalties Disruption in service delivery Consumer unrest Outbreak of disease Loss of revenue
8	Natural disasters	Fire Snow Wind Hail	Loss of life Harm to reputation Law suits against the Municipality Disruption in service delivery Increased pressure from stakeholders Financial loss
9	Inadequate skills and expertise within the Municipality	Misalignment of skills and duties Ineffective training interventions to up skill staff	Operational inefficiencies Financial loss Disruption in service delivery Inability to meet set service delivery targets Consumer unrest Low staff morale Worsening of productivity levels
10	Ineffective tender processes	Newly established Department Internal and external fraud and corruption Lengthy decision making processes around the tender process No standing committees for the tender process Limited suppliers for larger items due to the geographic location	Poor or disrupted service delivery Consumer unrest Increased cost of purchase (financial loss) Operational inefficiencies Delays in project implementations etc. Financial loss Harm to reputation

11	Development of Municipal area done at the expense of the environment	Differing priorities Ineffective internal processes	Harm to reputation Non-compliance to legislation resulting in possible penalties and fines Inability to attract sustainable development
12	The ability to attract and retain competent and skilled staff	Remuneration is not competitive Infrastructure does not support economic development Basic skill sets not frequently found within the community	Service delivery is compromised Harm to reputation Migration of existing resources to better areas
13	2011 local government elections	Possible changes to existing political structure and senior management	Funds for projects could be redeployed or re-prioritised Service delivery disruption Administrative disruption (planning, authorisation etc.)
14	"Conflicting" revenue streams	Differing priorities for the users of each stream Negative impact of the harvesting of the trees on the roads infrastructure Test trucks utilising roads infrastructure	Poor service delivery Financial loss Consumer disruption Increased pressure from stakeholders
15	Reliance on key personnel (management team)	Small size of the Municipality	Disruption of service delivery Loss of institutional memory Operational inefficiencies Financial loss

T9

RISK MANAGEMENT

For the risks identified above, steps have been taken to mitigate the risks.

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has adopted an antifraud and corruption strategy. One of the main objectives for the strategy is to encourage a culture of integrity amongst all municipal stakeholders i.e. employees, members of the public and councillors. The legislative basis for the new strategy is broad and includes the Prevention and Combating of Corrupt Activities Act of 2004, the Municipal Systems Act of 2000, the Municipal Finance Management Act as well as other applicable legislation.

Local government's vulnerability to corrupt practices stems from procedures for the procurement of contractors in the supply chain management process. The problems also arise because of a general lack of transparent procurement practice, nepotism in employment of staff, inadequate financial controls and abuse of municipal assets. Its main principles include building a culture that is intolerant of corruption and deterring or preventing unethical conduct and corruption as well as investigating and punishing corrupt acts.

The strategy focuses mainly on the implementation of employee and councillor codes of conduct, and improved enforcement of applicable systems, policies and procedures. It prescribes the vetting of municipal employees, both existing and prospective, to ensure that they are not predisposed to corruption. Remedies include, but are not limited to, terminating employment, requiring restitution, and forwarding information regarding suspected fraud to the appropriate authorities for criminal prosecution. Preventative measures include the exclusion of Councilors from participating in the municipalities SCM processes. This policy is designed to inform Kwa Sani Municipality employees of their responsibility for detecting and reporting suspected fraud.

OVERVIEW SUPPLY CHAIN MANAGEMENT

MFMA S110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimise the opportunities for fraud and corruption.

KSM has a newly established SCM unit that is headed by Nonhlanhla Zondi, the supply chain officer.

Organizational Structure

In terms of paragraph 7 of the Municipal Supply Chain Management Regulations the municipality must establish a Supply Chain Management Unit (SCMU) to implement its Supply Chain Management Policy. The SCMU must operate under the direct supervision of the Chief Financial Officer or may be delegated to an official in terms of Section 82 of the MFMA.

During the reporting period the staff complement that performed the duties and functions in terms of the SCM Policy were as follow:

Chief Financial Officer:

- Co-ordinates and control the implementation of the policy.

Supply Chain Officer:

- Implementation of the policy
- Processing of procedures for procurement above R 2 000.00
- Process Orders
- Database maintenance
- Issuing and receiving of goods
- Monitoring of stock levels

Creditors Clerk:

- Payment of Vendors / General payments
- Petty Cash
- Capturing of payments on SAMRAS
- Creditors Recon
- Creditors Ledger
- Outstanding Creditors
- Preparing of creditors payment vouchers

Procurement Clerk

- Position is vacant.

Due to size of the municipality, there is no SCM Manager employed. The CFO oversees this process and has been appointed as of the 01 March 2011. The lack of segregation of duties within the SCM Unit is overcome by:

- Oversight exercised by the CFO;
- Oversight exercised by the Accounting Officer;
- Monthly, quarterly and annual submission of SCM reports to council;
- Properly constituted bid committees that discharge its responsibility with regard to confidentiality and fairness.

Irregular expenditure was reported in the annual financial statements and is explained in the notes to the financial statements as well. The primary reason for irregular expenditure is the use of sole suppliers and inability of SCM to obtain 3 quotations as and when required. Going forward, these areas of non-compliance will be reported to the accounting officer and the CFO for ratification in terms of Regulation 16 (c) & 17 (c) & (d) of the SCM Regulations.

Since inception of the SCM Unit, there have been huge strides towards compliance with the relevant laws and regulations as well as progress within this department.

BY LAWS

MSA 2000 S 11(3)(m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

The municipality drafted and approved its by-laws in 2006. By-laws should be reviewed on an annual basis. However, due to capacity constraints and the significant costs associated with gazetting of the by-laws, the municipality has elected to review specific by laws during the course of the 2011/2012 financial year. The Department of Cooperative Governance and Traditional Affairs have indicated that a generic format of by laws will be available for municipalities to tailor to the needs of their municipalities. It should also be noted that a critical process of gazetting of by-laws includes the public participation process.

MUNICIPAL WEBSITE CONTENT AND ACCESS:

S 75 of the MFMA refers to the requirement for Municipal websites. The municipality has since 2008, a fully fledged and functioning website. A designated official is responsible for uploading content onto the site, thus limiting unauthorised access as well as isolating responsibility in the event of unauthorised content is uploaded. The municipality utilises its website extensively during the procurement process where adverts relating to tenders and quotations are placed. Table below illustrates the shortcomings in the municipalities website.

Municipal Website: Content and Currency of Material

Documents published on the Municipality's / Entity's website	<Yes / No>	Publishing Date
Current annual and adjustments budgets and all budget related documents	Yes	2011/04/13
All current budget-related policies	Yes	2011/07/13
The previous Annual Report (2009/2010)	Yes	2011/02/07
The annual report (2010/2011) published / to be published	Yes	26/01/2012

All current performance agreements required in terms of Section 57(1)(b) of the Municipal Systems Act (2008/09) and resulting scorecards	No Agreements have been signed.	n/a
All service level agreements (2010/2011)	No	n/a
All long term borrowing contracts (2010/2011)	No	n/a
All supply chain contracts above a prescribed value (give value) for 2010/2011	No	n/a
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during 2010/2011.	n/a	n/a
Contracts agreed in 2010/2011 in terms of section 33 apply, subject to subsection (3) of that section.	No	n/a
Public-private partnership agreements referred to in section 120 made in 2010/2011	n/a	n/a
All quarterly reports tabled in the council in terms of section 52(d) during 2010/2011	No	n/a

SERVICE DELIVERY INTRODUCTION

Water and Sanitation

Water and sanitation are not functions of the local municipality. However quarterly infrastructure meetings are held between the District and Local Municipalities wherein projects and challenges are discussed. There is a concern about the quality of service delivery from the District Municipality which is discussed with the parties concerned

ELECTRICITY

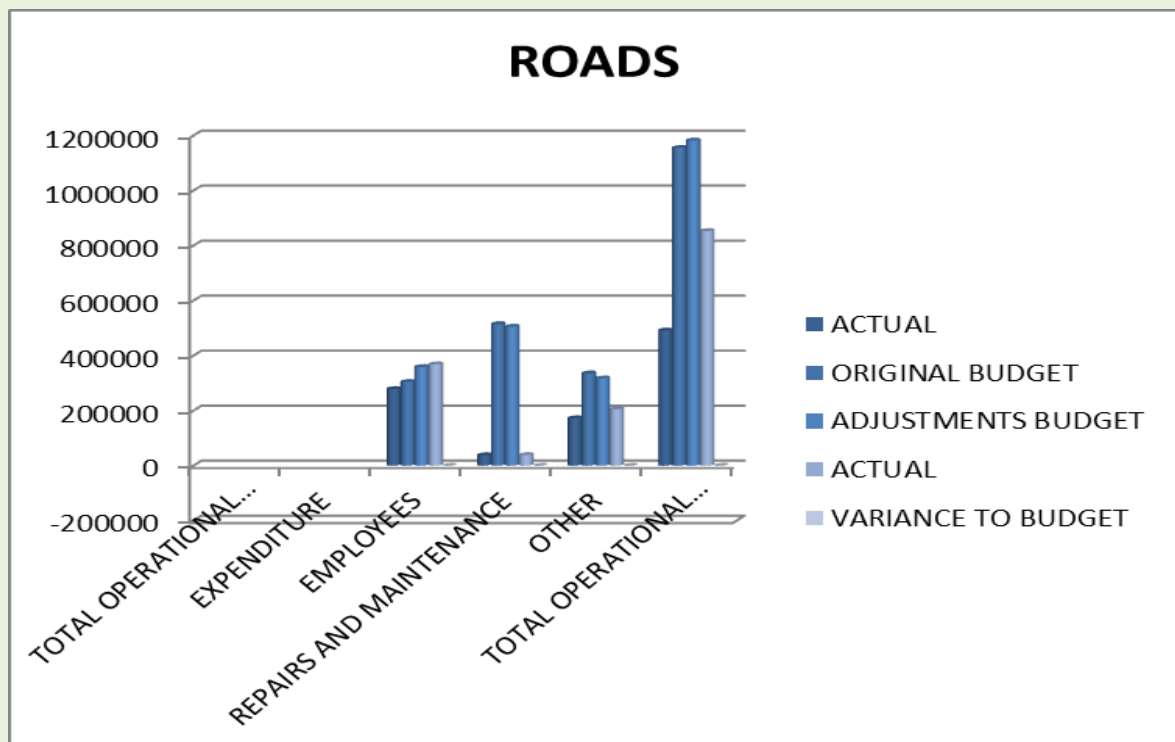
Electricity provision is not a function of the municipality. In Kwa Sani this function is carried out by Eskom. However the municipality did embark on an alternative energy project in which the rural communities that do not have electricity were provided with gel, lamps and stoves. The municipality has received a grant from the Department of Energy (previously DME) to electrify 474 houses in Mqatsheni and 95 houses in KwaPitela in 2010/11 and once this project is complete there will be a small backlog which the municipality will address during the next two financial years. At present this municipality does not have the human or financial resources to carry out this function.

ROADS AND TRANSPORT

The municipality has an Integrated Infrastructure Investment Plan which largely covers the two villages of Underberg and Himeville. A Consolidated Infrastructure Plan is also in place which details what road projects need to be executed throughout the whole municipal area.

Storm water drainage is included in the seasonal operations and maintenance routinely carried out by the Municipal Works Department. It forms part of our regular service delivery function for the municipal area.

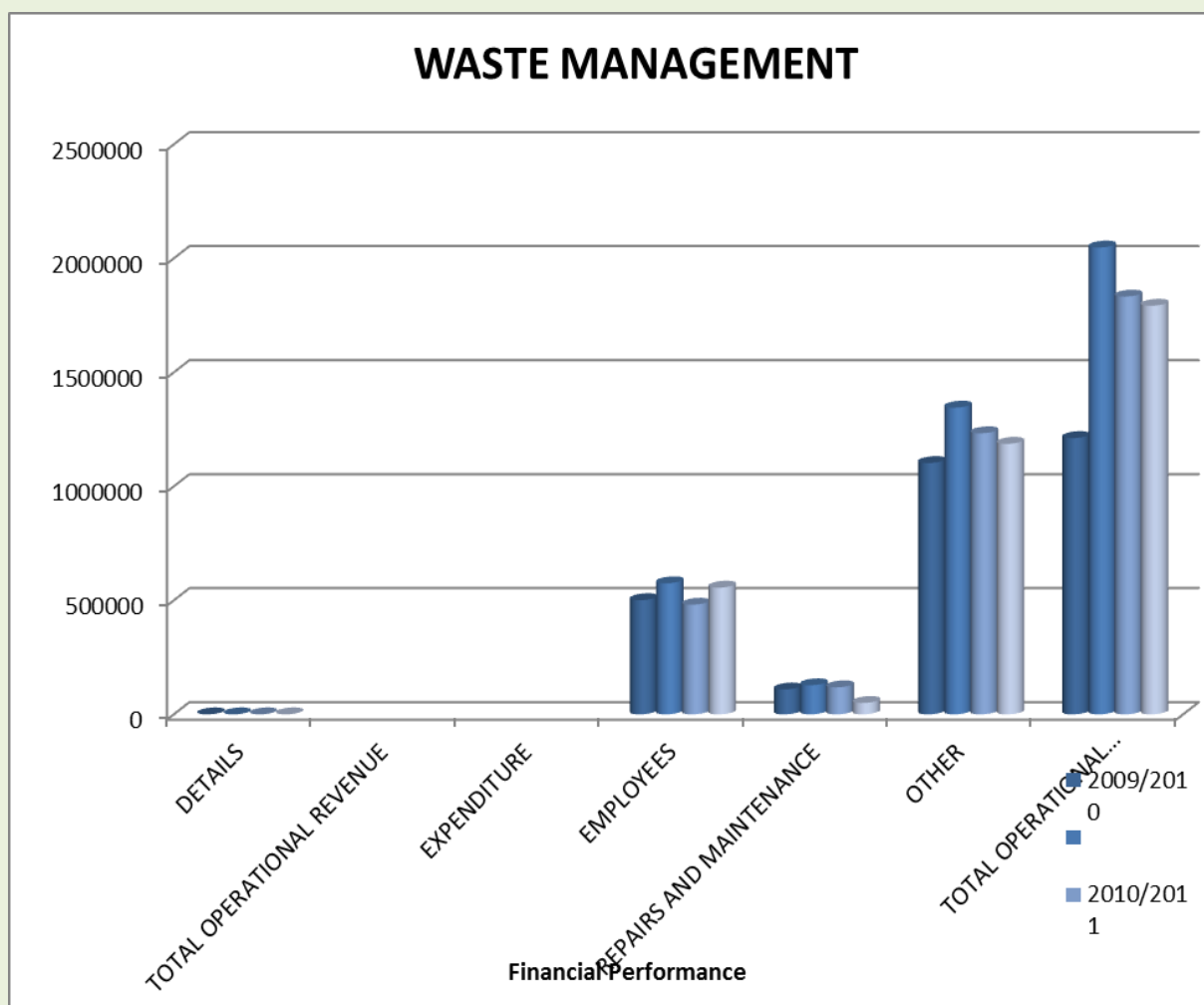
The municipality does not have a Transport Plan and does not have the financial or human resources to produce one. Funding will be sourced for this plan.



The graph represents the contribution and related expenditure of employees that work within this department in Kwa Sani Municipality.

Waste Management

The final draft of The District Integrated Waste Management Plan has been completed. Currently waste is being transported out of the area to Pietermaritzburg and the municipality is actively involved with the district and neighbouring local municipalities in identifying a regional site. At present a certain amount of recycling is carried out but the distance between the municipality and the city is large enough to discourage the collection of glass, etc by recycling companies



The graph represents the contribution and related expenditure of employees that work within this department in Kwa Sani Municipality.

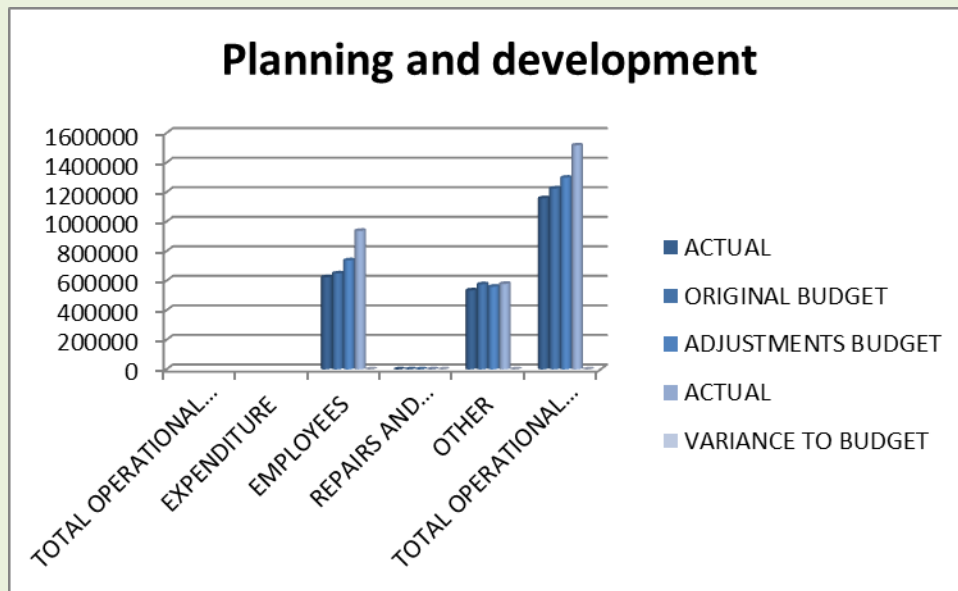
General Infrastructure Planning

An Integrated Infrastructure Investment Plan and a Consolidated Infrastructure Plan in place. MIG funding is utilized for infrastructural projects as the municipality does not have the financial resources to undertake large infrastructure projects but uses its funding for operation and maintenance. MIG projects are prioritized in a three year plan. Council are currently prioritizing the 3 year MIG plan for 2011/12 through to 2013/14.

Applications for funding for larger projects have also been made to other departments, for example the Neighbourhood Development Grant, Department of Economic and Rural Development and KZN Tourism.

The municipality has undertaken extensive studies in its rural areas to establish what development opportunities there are for the poverty stricken people in these areas. Due to the demarcation and the

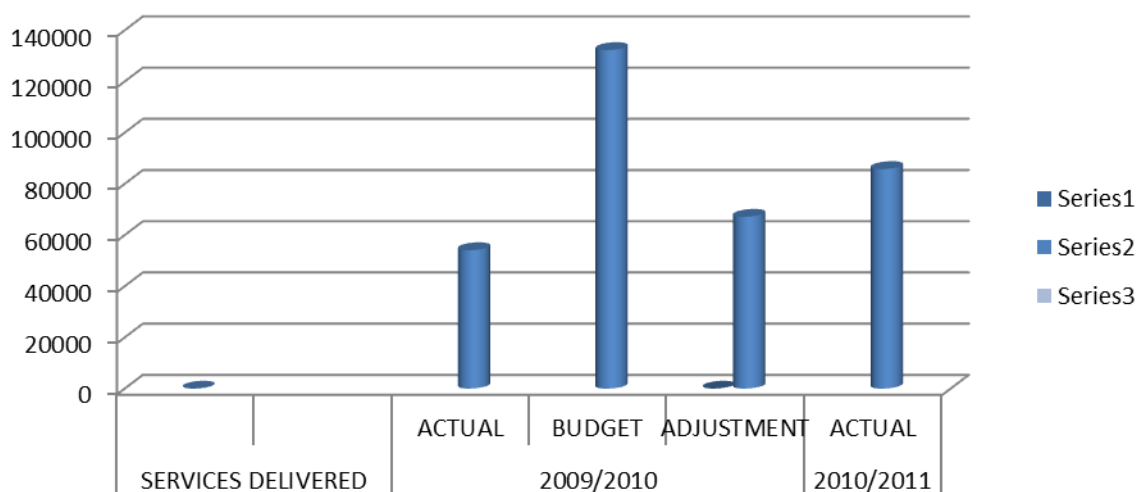
municipality losing five of the areas worked on to Impendle, it is imperative that cross border discussions and management sharing strategies be put in place to ensure that the expenditure on this work is not wasted and more importantly that service delivery is not compromised in the areas.



Free Basic Services

A budget is in place for the distribution of free electricity, funding for this is provided by Eskom. The District Council would be responsible for free basic services in terms of water and electricity.

FREE BASIC SERVICES



The graph represents the amount of free basic electricity that the municipality had provided.

YOUTH AND SPECIAL PROGRAMMES FOR 2010/2011

Women's Day

In August 2010 the municipality successfully held the Women at Work, Women's Day Celebration at the Himeville Hall where all Kwa Sani female employees were thanked and motivated for their contribution in service delivery.

Inkosi Dumisa Mamorial Day

On the 30th of August 2010 the KwaSani Municipality supported the Inkosi Dumisa Mamorial Day which took place at KwaThunzi and we provided the following.

- 4 Pole tent with 1000 chairs
- 4 x Mobile Toilets
- 1 x Generator
- PA system
- Stage for 20 people dressed

Children's Programm

On Saturday the 18th of December 2010 the Municipality supported an orphaned Christmas Party for 60 children and 10 adults which took place in Underberg.

Arts and Culture

On the 24th of September 2010 the KwaSani Municipality successfully hosted the Music and Dance competition at Kwa Pitela Community Hall.

The results and prizes are contained in the table below.

The municipality received an invitation from the Department of Arts and Culture and Sisonke District to attend a Gospel Music festival on the 19th of December 2010 at Ixopo Morningside. The Department of Arts and Culture requested the municipality to select the best gospel group that will represent KwaSani Municipality in the event. The uDumo Gospel group was selected and the group was provided with transport by the municipality.

Once again the uDumo and Drakensberg Gospel groups have put themselves on a map of recognition locally and on the District level. The two Gospel groups have done a musical recording with Khabozinto Entertainment CC. As part of assisting and developing music in our local municipality the municipality assisted the two Gospel groups with their recording. The Udumo has released their CD called Sekwenzekile and Drakensberg were going to be assisted to produce a master copy.

On the 2nd of April 2011 Udumo Gospel Group launched its CD at Himeville Sport Field and the municipality contributed towards their Launch.

Education

Mr. Nhlanhla Dlamini a grade 12 learner who attended at Enhlanhleni Combined School passed his matric with 6 distinctions. Mr. Dlamini went to Pretoria on the 12th January 2011 to meet with the President of the Republic of South Africa Mr. Jacob Zuma and was awarded a scholarship from Jacob Zuma Foundation. He is pursuing a career in engineering at Wits University. An amount of R3 000.00 was taken from the VIP vote to assist Mr. Dlamini.

Tourism World Programmes

The Office on Youth/Special Programs together with Kwa Sani Tourism Office was approached by Tourism World Academy. Prior to the 2010 soccer World Cup the KZN MEC for Economic Development and Tourism Mr. Mike Mabuyakhulu launched a project to provide skills and capacity for Tourism Buddies in KZN. Tourism world was appointed to project manage the placement of 758 unemployment youth in the tourism industry. As the municipality we were requested to identify 35 youth to be part of this program they were assessed and currently they are placed in different Tourism establishments in the area doing their practical work. The Programme has created job opportunities for the Youth of Kwa Sani. These young people are undergoing intensive tourism training for a 12month period and they are receiving some incentives.

Promotion of Udumo

On the 5th of December 2010 the Municipality transported uDumo Gospel to Pietermaritzburg for the recording of their album. As per quotation the transport to Pietermaritzburg and back was R2200-00.

Splashy Fen

As part of promoting our music groups and a meeting was held with the organizer of the Splashy Fen Music Festival, which is one of the most attended festival in KZN Starting from the 21st of April to the 25th April 2011. Two Local groups were recommended for this festival which was Udumo Gospel Group and Izilomo Maskandi groups and they both directly benefited as they were paid as professional artists and they performed in more than 5000 audience at the splashy fen.

IEC Democracy Workshop

The IEC together with Kwa Sani Municipality: Special Programs Office in partnership with IEC hosted a Democracy workshop for the Youth of Kwa Sani on Monday the 21st of March 2011 at Himeville Hall. The purpose of this workshop was to educate the youth about democracy as we are approaching the Local Government Elections and the municipality provided the following transport for the youth:

- Mqatsheni 2 x 15 seaters
- Pitela 1 x 15 seater
- Nhlanhleni 1 x 15 seater
- Underberg 1 x 15 seater
- Ridge 1 x 15 seater
- Drakensberg 1 x 15 seater
- Bushmansneck 1 x 15 seater

Sports

On the 8th of April 2011 our Soccer and Netball teams participated at the Sisonke Mayoral Cup tournament which took place Ixopo and our soccer team received a soccer kit from Sisonke District Municipality.

Youth Development Strategy

In June a Draft KwaSani Municipality Youth Development Strategy was developed and it has not yet taken to young people for their comments since the NYDA felt that the National Strategy should be the one that is used at all government spheres level, rather than developing our own strategies.

KWA SANI MUSIC AND DANCE GROUPS RESULTS PRICES

IGAMA LEQEMBU	POSITION	UHLOBO LOMCULO/UMDANS O	UMHLOLI WEQEMBU	INOMBOLO YOCINGO	PRICE AMOUNT
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uDumo Gospel Group	1	Gospel Without instruments	Eliot Banda	0782245074	R500.00
Thandanani Gospel Group	2	Gospel Without instruments	Mhlengi Mncwabe	0849741078	R300.00
Light of God	2	Gospel with instruments	Makholi Makhanya	0796305618	R300.00
Home Boys	1	Isicathamiya	Sanele Mbokazi	0792908045	R500.00
Abafana beDanone	1	Maskandi	William Makhaye	0822159575	R500.00
Siyazama	1	Indlamu	Phumlile Hadebe	0720965453	R500.00
Shosholoza	1	Isigekle	Victoria Hlangeni	0794058200	R500.00
Siyavela	2	Isigekle	Z. Z Mbanjwa	0761625724	R300.00
Inkanyezi	1	Ingoma Yezintombi	Phelile Mokoena	0764076881	R500.00
Amatshisthi Amhlophe	2	Ingoma Yezintombi	Cabangile Duma	0849741078	R300.00
Omaqomandana	1	Ingoma Yezinsizwa	Bhala Luswazi	0712752647	R500.00
Omavala	2	Ingoma Yezinsizwa	Zamani Zondi	0727664435	R300.00

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

Please refer to Appendices for Annual performance reports for four managers below.

MUNICIPAL PERFORMANCE REPORTING FRAMEWORK

DEPARTMENT	PLANNING AND COMMUNITY SERVICES
DIRECTORATE	PLANNING AND COMMUNITY SERVICES
PERIOD	1 JULY 2010 – 30 JUNE 2011
DIRECTOR	S. MCALISTER

KWA SANI MUNICIPALITY
ANNUALREPORT FROM JULY 2010 TO JUNE 2011
PLANNING & COMMUNITY SERVICE

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
IDP Framework/Pr ocess Plan	Nil (Sisonke DM)	Nil	IDP Framework/Pro cess Plan approved	Framework /Process Plan approved timeously	100%	Target met	n/a	30 June 2011		Office of the IDP Manager, Framework document	Yes		
Review of the IDP 2010-11	R50,000	R50,000	Reviewed &adopted IDP	Reviewed IDP plan	100%	Target Met	n/a	30 June 2011	None	IDP and Council Resolution – Office of IDP Manager	Yes		
PMS/SDBIP Review and quarterly reports	Nil	Nil	Performance Agreements Signed & Quarterly Meetings & Reporting	1/4ly reports/me eting and signed performanc e contracts	None	Target not met as SDBIP was not in place	SDBIP now compiled	30 June 2011	none	Finance Department and Office of the MM – SDBIP document	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Service Delivery & Infrastructure – provision of new public facilities	R5,2m	R5,2m	Construct 4 Community Halls	4 halls constructed	100%	Target Met	None	June 2011	None	4 Halls and MIG reporting and cash flows in Finance Department	Yes		
Finalisation of Housing Project Plan	R2000.00	Nil as internal resources used to develop plan	Housing Plan developed	Approved Housing Plan	100%	Target Met	None	June 2011	None	Housing Plan – office of Planning & Community Services	Yes		
Maguswana Housing Project	R35m	R31m	Rural upgrade of 1200 houses built	Rural Upgrade Complete	334 houses remain to be built	Target not met due to the Department of Human Settlements stopping the project – quality issues	Meetings held with the Department but not yet resolved	June 2011	None	Housing files in Finance Department and Planning & Community Services	Yes		
Participation in District Landfill Site identification	Nil	Nil	Quarterly meetings held with District and other local municipalities	4 meetings held	4 meetings held	Target Met	None	June 2011	None	Minutes of Meetings	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Re-gravelling of municipal access roads	R400,000	R400,000	4.2 kms re- gravelled access roads	4,2 kms access roads re- gravelled	100%	Target Met	None	June 2011	None	Reports and invoices in Finance Department	Yes		
Development and submission of Waste Recycling Plan	Nil	None	Recycling Plan developed	Business Plan developed and submitted for funding	100%	Target Met	None	June 2011	None	Business Plan	Yes		
SMME Support Programme	R50,000	R94 500	No of SMME’s trained	50	21	Target Not Met as travel costs proved to be excessive. And costs were not budgeted for.	This was a basic level of training that was provided. Going forward a specialised course will be offered to assist people.	June 2011	None	Reports and invoices in Finance Department	Yes		

Local Economic Development

PROJECT/ PROGRAMME NAME	BUDGET		STANDA RD PROVIN CIAL INDICAT OR/ MUNICI PAL PERFOR MANCE INDICAT OR	ANN UAL PLA NNE D TAR GET	PROGRESS MADE AGAINST THE INDICATOR		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Implementation of Rural Development Plans	R7,5m	Funding just approved	Reichen au and Homest ead Food Security Projects Approve d	Fun ding rece ived for proj ects	Business plans submitted and funding approved	Target Met	None	June 2011	None	MOA signed and business plans submitted to Cogta (Planning & Community Services Office	Yes		

MUNICIPAL PERFORMANCE REPORTING FRAMEWORK

DEPARTMENT	FINANCE & ADMINISTRATION
DIRECTORATE	FINANCIAL SERVICES
PERIOD	1 JULY 2010 – 30 JUNE 2011
DIRECTOR	KAVESHKA MACKERDUTH

SOUND FINANCIAL MANAGEMENT & VIABILITY

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Capacity Building			To capacitate 3 role-players on the MFMA	3 Staff member	3 Staff members	Target Met	n/a	30 June 2011	None	Staff Training file – Finance Department	Yes		
Revenue Enhancement	R500 000		% increase in revenue collected	Appointmen t of a service provider to assess the effectivenes s of the revenue enhanceme nt strategy.	Service provider was appointed .	Target Met	n/a	30 June 2011	None	Contracts Register	Yes		
MPRA	R150 000	R60 700	No of Appeal Meetings Held	2 meetings	3 Meetings held	Target Met	n/a	30 June 2011	None	MPRA – Appeals File	Yes		
Compliance with MFMA	R300 000	R178 000	Budget preparation in accordance with stipulated timeframes and format	Draft, Annual and Adjustment s Budget Completed and Submitted	Draft Annual & Adjustme nts Budgets were complete d & Submitted .	Target Met	n/a	30 June 2011	None	Annual, Adjustments Budget File – Finance Depart	Yes		
Compliance with MFMA	R -	R -	Preparation of the AFS in accordance with the MFMA	AFS Preparation Plan Drafted	AFS Preparatio n Plan Drafted	Target Met	n/a	30 June 2011	None	AFS Working Paper File	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Compliance with MFMA	R -	R -	Progress towards the implementation of the financial management policies	Review and Implementa tion of the Finance policies	Reviewed and approved policies by council	Target Met	n/a	30 June 2011	n/a	Policy File – Finance / Municipal Website / Council Resolution	Yes		
Compliance with MFMA	R -	R -	By tabling of the MFMA reports to the relevant committee structures and Council on time	100% of reports submitted annually	100% Reports Submitted	Target Met	n/a	30 June 2011	n/a	MFMA Returns File – Finance Department	Yes		
Compliance with MFMA	R -	R -	The number of quarterly reports submitted timeously	4	4 Reports	Target Met	n/a	30 June 2011	n/a	MFMA Returns File – Finance Department	Yes		
Compliance with MFMA	R -	R -	S71 Reports	12	12	Target Met	n/a	30 June 2011	n/a	MFMA Returns File – Finance Department	Yes		
Compliance with MFMA	R -	R -	Annual Financial Statements	1	1	Target Met	n/a	30 June 2011	n/a	AFS Working Paper File – Finance Department	Yes		
To eliminate fraud and corruption opportunities	R100 000	R85 000	To review the fraud prevention plan and enhance the anti- corruption strategy	1 reviewed policy	Achieved	Target Met	n/a	30 June 2011	n/a	Policy File – Finance / Municipal Website	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Audit Action Plan	R -	R -	Response to Dashboard report and commitment from Mayor	4 Reports	2 Report	Target NOT Met as the AG did not visit in the first and second quarter of the financial year.	n/a	30 June 2011	n/a	Auditor General File – Finance Department	Yes		
Audit Action Plan	R -	R -	Action Plan to address issues raised in the Audit Report	2 Reports	2 Reports	Target Met	n/a	30 June 2011	n/a	Auditor General File – Finance Department	Yes		
VAT submissions & Recovery			Number of VAT returns submitted	12	12	Target Met	n/a	30 June 2011	n/a	VAT Returns File – Finance Department	Yes		
Supply Chain Management	R -	R -	Monitoring of SCM policy implementation	4 Reports	2	Target Not Met No CFO to oversee the effectiveness of the SCM Unit during the first two quarters of the financial year.	SCM made aware of the quarterly reporting requirements in terms of the MFMA.	30 June 2011	n/a	SCM Unit – Department or Council Resolution to note reports received – Committee Clerk	Yes		
Supply Chain Management	R -	R -	Monitoring of SCM policy implementation by presenting reports to council.	12 Monthly reports to Council	12	Target Met	n/a	30 June 2011	n/a	SCM Unit – Department or Council Resolution to note reports received – Committee Clerk	Yes		
Implementati on of GRAP 17	R -	R -	Total number of assessments and	1 Report	1 Report	Target Met	n/a	30 June 2011	n/a	AFS Working Paper File – Finance	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
			impairments conducted, reported to council on write off and approval of the impairments identified.							Department / Council Resolution			
Reconciliation of Fixed Asset Register to General Ledger	R -	R -	Monthly schedules prepared	12	12	Target Met	n/a	30 June 2011	n/a	FAR File & General Ledger – Finance Department	Yes		
To develop & maintain Loan & Investments Schedules	R -	R -	Monthly schedules prepared	12	12	Target Met	n/a	30 June 2011	n/a	Investments & Loans File – Finance Departm-9ent	Yes		
Revenue Collection – Grants	R8 754 000	R 8 754 000	Receipt of allocation as per DORA – Equitable Share	100%	100%	Target Met	n/a	30 June 2011	n/a	Grant register & Bank Statements – Finance Department	Yes		
Revenue Collection – Grants	R750 000	R750 000	Receipt of allocation as per DORA – MSIG	100%	100%	Target Met	n/a	30 June 2011	n/a	Grant register & Bank Statements – Finance Department	Yes		
Revenue Collection – Grants	R1 500 000	R1 500 000	Receipt of allocation as per DORA – FMG	100%	100%	Target Met	n/a	30 June 2011	n/a	Grant register & Bank Statements – Finance Department	Yes		

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R		CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS					YES	NO	
Revenue Collection – Grants	R 6 557 000	R6 557 000	Receipt of allocation as per DORA – MIG	100%	100%	Target Met	n/a	30 June 2011	n/a	Grant register & Bank Statements – Finance Department	Yes		Please note that 100% of the MIG funds were received , R4675 000 of which was received in April 2010. This is due to the differen t financial year ends that MIG and the Municip ality have hence the Municip ality

PROJECT/ PROGRAMME NAME	BUDGET	AMOUNT SPENT TO DATE	STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRES S MADE AGAINST THE INDICATO R	IF TARGET WAS NOT MET PROVIDE REASONS	CORRECTIV E MEASURES	SDBIP TARTGET DATE	REVISED DATE	SOURCE OF INFORMATIO N	AUDIT OF INFORMATIO N		ANNEX URE
											YES	NO	
													received the funds early.
Cash Flow Projections	R -	R -	By monthly monitoring expenditure and setting realistic projections	12 monthly cash flow projections	12	Target Met	n/a	30 June 2011	n/a	MFMA Returns File – Finance Department	Yes		
Creditors Managements	R -	R -	To ensure that creditors are paid within 30 days. – Monthly Creditors Listing and age analysis is prepared.	12 Reports	12	Target Met	n/a	30 June 2011	n/a	MFMA Returns File – Finance Department	Yes		
Audit Committee	R 50 000	R52 000	No of meetings held	4 meetings	4 meetings	Target Met.	n/a	30 June 2011	n/a	Audit Committee minutes in Audit committee file – Finance Department	Yes		

OTHER WORK/ ACTIVITIES PERFORMED OUTSIDE THE SERVICE DELIVERY BUDGETORY IMPLEMENTATION PLAN

PROJECT/ PROGRAMME	QUANTITY	PURPOSE
Drafting & Development of the	1	To ensure a uniform and integrated PMS Policy, and Framework that was adopted by

PMS at the Municipality		<p>council.</p> <p>Ensuring that all staff members, councillors and municipal stakeholders are aware of the PMS system to ensure that performance is measured against realistic and achievable goals that are set.</p>
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DEPARTMENT	CORPORATE SERVICES
DIRECTORATE	HUMAN RESOURCE
PERIOD	1 JULY 2010 – 30 JUNE 2011
DIRECTOR	JABULANI SONDEZI

PROJEC			STANDAR D	ANNUAL PLANNED	PROGRES S MADE			SDBIP				
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T/ PROGR AMME NAME	BUD GET	AMOUN T SPENT TO DATE	PROVINCI AL INDICATO R/ MUNICIP AL PERFORM ANCE INDICATO R	TARGET	AGAINST THE INDICATO R	IF TARGET WAS NOT MET PROVIDE REASONS	CORRECTIVE MEASURES	TARTGE T DATE	REVISED DATE	SOURCE OF INFORMATION	AUDIT OF INFORMATION		ANNEXU RE
											YES	NO	
	R20 0 000	R175 000											
Recruitment, Work Place Skills Plan, Employment Equity Plan and Career Pathing			Submitted WSP/ATR to LG Seta by 30 June	Submissio n of WSP/ART to LG SETA	Submitted WSP/ATR to LG Seta along with filling in of S57 post.	Target Met	n/a	30 June 2011	n/a	WSP/ART Plan & Employee File– HR Department	Yes		
Staff Training			Number of Staff trained to achieve required competen cy levels	19 staff members trained	19 staff members were trained and team building held for 31 staff.	Target Met	n/a	30 June 2011	n/a	WSP & Employee File– HR Department	Yes		
Enhance internal communication			Number of notice boards and the use of memo;s and internal and emails and manco meetings	Utilisation of 6 Notice boards, 2 manco meetings per month.	Increased utilisation of notice boards, memo's and internal emails to enhance internal communic ation. The number of manco	Target Met	n/a	30 June 2011	n/a	Internal Notice boards & HR Strategy file, Minutes of Manco Meetings– Office of the MM	Yes		

					meeting exceeded the target that was set								
Effective Human Resources Management and development			Development of HR strategy	Develop an HR strategy	An HR strategy was developed via appointment of a service provider.	Target Met	n/a	30 June 2011	n/a	HR Files – HR Department	Yes		
Employment Equity Plan 2010			EEP submitted before the end of December 2010 to the DoL	Conduct EE Analysis, Complete & submit EEP	EE Analysis was conducted and the EEP was completed and submitted.	Target Met	n/a	30 June 2011	n/a	EE Files – HR Department	Yes		
Filling of section 56 post			Section 56 appointment made	Advertising of the post and formally appointing the individual selected.	S57 post was advertised and post was duly filled.	Target Met	n/a	30 June 2011	n/a	Appointments File – HR Department	Yes		
Critical post filled			Critical post filled	Appointment of Senior Town Planner	Senior Town Planner was appointed in September	Target Met	n/a	30 June 2011	n/a	Appointments File – HR Department	Yes		

					r.								
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DEPARTMENT

PLANNING & COMMUNITY SERVICES

DIRECTORATE	YOUTH & SPECIAL PROGRAMMES
PERIOD	JULY 2010 – JUNE 2011 (ANNUAL REPORT)
DIRECTOR	BASIL NTSHIZA

PROJECT/ PROGRAMME NAME	BUDGET		STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET	PROGRESS MADE AGAINST THE INDICATOR		CORRE CTIVE MEAS URES	SDBIP TARTGET DATE	REVISE D DATE	SOURC E OF INFOR MATIO N	AUDIT OF INFORMATION		ANNEXUR E
		AMOUNT SPENT TO DATE				IF TARGET WAS NOT MET PROVIDE REASONS							
											YES	NO	
HIV & AIDS	R367 000	R334 000	To coordinate the Local AIDS Council and to implement awareness programmes	Number of alignment meetings conducted	Local Aids Council Meeting Held.	Target Partly Met	n/a	30 June 2011	n/a	Attenda nce register – Youth & Special Progra mmes Office	Yes		
Sports and Recreation			Number of sporting programmes implemented	To participate in the Mayoral Cup, Kwanaloga games & Winter Games.	Kwanaloga Games, Mayoral Cup and Winter Cup held	Target Met	n/a	30 June 2011	n/a	Sports Files - Youth & Special Progra mmes Office	Yes		
Sports and Recreation			Number of sporting programmes implemented	To provide support in developing of sport initiatives	Support provided to various sports codes.	Target Met	n/a	30 June 2011	n/a	Sports Files - Youth & Special Progra mmes Office	Yes		
Arts & Culture			Cultural event held	1 Cultural event held	Local Music and Dance competitio n and Music and Dance Structure Meeting and Sisonke District Cultural	Target Met	n/a	30 June 2011	n/a	Arts & Culture Files - Youth & Special Progra mmes Office	Yes		

					Festival								
Arts & Culture			A recorded album and promotional material developed	1 A recorded album and promotional material developed	Workshop held, 2 music groups recorded and assistance on the Launch of Udumo Gospel Group	Target Met	n/a	30 June 2011	n/a	Arts & Culture Files - Youth & Special Programmes Office	Yes		
Youth Strategy			A developed strategy	Appointment of a service provider	Appointment & Development of the Draft youth strategy was performed	Target Met	n/a	30 June 2011	n/a	Youth strategy File - Youth & Special Programmes Office	Yes		
Women at work motivation			Motivation talk conducted	Motivational Speaker to be appointed	Motivation talks at women's day celebration	Target Met	n/a	30 June 2011	n/a	Soft Copy available - Youth & Special Programmes Office	Yes		

THE STATE OF KWA SANI HUMAN RESOURCES MANAGEMENT SYSTEM (HRMS)

Human Resources is still very young function. In the past it was just a function and there were no policies and procedures.

We are now proud that this function has grown and is doing its best under the circumstances to provide Human Resources services to all departments. Over the years a lot has changed. We have Human Resources policies and procedures that have been approved by Council. The skills audit has been conducted throughout the municipality. In terms of skills audit report nineteen employees had been trained in their relevant field of operation and a team building was introduced and attended by 30 employees with an intention to improve employee performance. We had one retirement and one dismissal. Three employees post on our organogram has been filled and four other posts; Senior Planner, Building Control Inspector, Supply Chain Management Clerk, Cashier and traffic officer are yet to be finalised.

Our Human Resources Strategic Plan reflects a new focus and drive for effective delivery around those interventions which we believe:

- Will make us the employer of first choice
- Will make us a learning organization
- Will build a better internal client ethics.

Our strategic plan is premised on the philosophy that “together we can do more”. Directly interpreted for us, this means that together Kwa Sani Municipal departments can do more to improve service delivery.

Current Situation (SWOT ANALYSIS)	
Strength <ul style="list-style-type: none"> ➤ Good Human Resources Communication ➤ Extensive human resources policies and procedures. ➤ Labour relations stability. 	Opportunities <ul style="list-style-type: none"> ➤ Employee loyalty to the area ➤ Reputation of being a crime free area ➤ Retirement tranquil may attract property development sector. ➤ Being one of the best employer people wish to work for in the area.

Weaknesses	Threats
<ul style="list-style-type: none"> ➤ Non enforcement of retirement policy ➤ Lack of integrated payroll and leave management system. ➤ Technical and Planning Departments under staffed. ➤ Limited financial and human resources ➤ Poor segregation of duties. 	<ul style="list-style-type: none"> ➤ HIV/Aids impact on a limited labour Market pool. ➤ Residents immigrating to other areas in search of greener pastures. ➤ Scarcity of critical skills i.e. qualified engineers and financial managers ➤ Weak rates base. ➤ No effective indigent policy.

POLICIES IN PLACE

1. Human Resources System
2. Employment Equity
3. Recruitment and selection
4. Remuneration policy
5. Conditions of service and employment benefits
6. Benefit policy
7. Employee Relations
8. Code of conduct for municipal staff members
9. Health and safety policy
10. Capacity planning and Human Resources Development policy
11. Employee assistant programme policy
12. HIV and Aids and life threatening disease policy
13. Substance abuse and dependency policy
14. Sexual Harassment policy and procedure
15. Confidentiality policy
16. Access to employee file policy
17. Vehicle policy
18. Communication and disclosure policy
19. Succession policy

NB: Human Resources Strategy has been formulated to achieve the above intentions.

COMMITTEES IN PLACE

- Local Labour Forum
- Training Committee

Our new approach in Human Resources.

The department has adopted new approach and culture through which Human Resources provides support to client Departments.

- From now on, we have cultivate a culture of all Departments being treated as internal clients Department.
- Employees are regarded as Individual internal clients.
- Trade unions are regarded as stakeholders.

Our Strategic Pillars are as follows:

See the table below

Strategic Pillar	Objectives	Enablers
<p>SP1: Recruitment & Retention</p> <p>Aim: To become an employer of choice; to design and implement recruitment, retention interventions which support service delivery.</p> <p>Underlying principle:</p> <p>Pay and reward are vital in building our ability to recruit, retain and motivate staff.</p>	<ul style="list-style-type: none">• To promote Kwa Sani Municipality as an employer of choice in the area by creating working environment that attracts and retains scarce skills and experienced staff.• To collect and analyze management information on recruitment and related issues to inform our HR strategies and enable managers to make informed decisions about workforce planning linked to IPD strategic objectives.• To carry out regular staff surveys and act on the results.• To support the further development and embedding of an integrated approach to performance management, starting with a review of recruitment and selection• To determine a new strategic approach to pay and reward for Municipality, which underpins transparent, equitable and flexible pay arrangements for scarce skills, in line with Municipality's needs, market rates, equal pay and good practice: that there are Municipality-wide arrangements for monitoring and evaluating the impact of reward strategies, to ensure fairness and reduce risk.	<ul style="list-style-type: none">• Recruitment and selection policy in place and implemented.• Retention policy in place.

Strategic Pillar	Objectives	Enablers
SP2: Human Resources Planning Aim: To ensure that HR plans for workforce required to enable service delivery. Underlying Principle: Right people in the right jobs at the right time.	<ul style="list-style-type: none"> • To enhance human resource planning capability across the Municipality to facilitate innovation in the development of new roles and new ways of working for the future. • To actively promote workforce diversity, through detailed Affirmative Action, enhanced data analysis, impact assessment and internal and external benchmarking. • To provide HR reports on a wide range of statistical indicators of people management across the organization. • To develop effective workforce planning, talent management and succession planning. 	<ul style="list-style-type: none"> • Management decisions

Strategic Pillar	Objectives	Enablers
SP3: People Development Aim: To offer a wide range of development provision, enabling staff to gain the skills, competences and experience necessary to contribute to the attainment of individual, team, and organisational strategic objectives and expectations. Underlying principle: Organisational performance is the aggregate of individual performance.	<ul style="list-style-type: none"> • To implement staff development provision, appraisal, competence/behavioural frameworks, coaching and other support to enhance staff performance. • To equip staff to fulfill current responsibilities, and enable them to adapt to future changes. • To ensure that staff development provision is aligned with service delivery, working closely with colleagues across the Municipality to develop, deliver and monitor impact. • To improve leadership and management capability, recognising the critical roles of low level employees in service delivery. • To support excellence in staff performance by ensuring close integration with strategies linking development, reward and career progression. 	<ul style="list-style-type: none"> • Training and development policy in place and implemented. • Performance Management Policy is yet to be finalised • Skills audit conduct and work place skills plan implemented • Benefits Policy.

Strategic Pillar	Objectives	Enablers
	<ul style="list-style-type: none"> To implement robust mechanisms to evaluate and assess the impact of staff development provision on institutional performance and calculate the return on investment, benchmarking against other Municipality. To review the nature and content staff development provision on an ongoing basis to ensure that it is aligned to meet evolving organisational need. 	

Strategic Pillar	Objectives	Enablers
<p>SP4: Learning Organisation Aim: To encourage a culture of learning and innovation for service delivery through enhanced organisational development, change management capabilities; encourage staff involvement in decision-making.</p> <p>Underlying principle: Learning is a lifelong engagement.</p>	<ul style="list-style-type: none"> To ensure that Municipality is fit for purpose through the development of a strategic approach to organisational development and business improvement using an evidence-based approach to assessing the impact of our interventions on organisational performance.¶ To identify and develop staff for the future through effective talent management and succession planning strategies, enhancing our capability for service delivery To support managers in consulting and involving staff to enable them to participate in initiatives aimed at finding new way of doing work. To embed equality and diversity in the organisational culture and incorporate them as a standard element of the strategic planning process. To engage trade unions to support effective change management. 	<ul style="list-style-type: none"> Council resolutions/management committee decisions.

Strategic Pillar	Objectives	Enablers
<p>SP5: Performance Management Aim: To embed a high performance culture through an integrated approach to Performance and focused people development.</p>	<ul style="list-style-type: none"> To modernise, streamline and harmonise all performance management policies to optimise the organisational benefits. To develop a conflict resolution strategy, incorporating mediation and other tools to 	<ul style="list-style-type: none"> Performance management system yet to be finalised.

Strategic Pillar	Objectives	Enablers
<p>Underlying principle: What you can't measure, you can't manage.</p>	<p>facilitate speedy and effective resolution of problems, issues and concerns.</p> <ul style="list-style-type: none"> To develop Performance Management system that applies throughout the Municipality to inculcate a culture of high performance. To support managers in managing and monitoring performance of their subordinates. To promote appraisal, competence assessment, objective setting and development planning, setting out clear expectations and objectives linked to the Municipality's objectives. To enhance the support and development offered to staff and managers on performance management. 	

Strategic Pillar	Objectives	Enablers
<p>SP6: Work-life Balance Aim: To increase employee productivity by promoting an environment where employee's private life converges with work life.</p> <p>Underlying principle: Work-life balance programmes and activities increases employees quality of life thus work productivity.</p>	<ul style="list-style-type: none"> To promote initiatives which support and encourage staff to achieve a reasonable work/life balance to achieve increases in individual productivity, accountability and commitment, better teamwork and communication, improved morale and less negative organizational stress. To improve the Municipality's sickness policy to support improved reporting, monitoring and interventions of sickness absence and to manage performance more effectively. To develop and implement occupational health and safety plan which identifies municipality's priorities in managing health and safety, embedding good practice and complying with legislation. To develop the municipality as a healthy organisation by promoting the health and wellbeing of staff and improving people management practices across the Municipality. 	<ul style="list-style-type: none"> Employee Assistance Programme policy is in place and implemented. Health and Safety Policy in place.

Strategic Pillar	Objectives	Enablers
	<ul style="list-style-type: none"> To identify, promote and support effective approaches and interventions for the prevention of stress and other occupational diseases and injuries. To develop a clear action plan for the implementation of measures that recognise the importance of promoting health, safety and wellbeing of employees. 	

Strategic Pillar	Objectives	Enablers
<p>SP7: Workplace Transformation</p> <p>Aim: To create an environment that assists the municipality to implement transformation in the workplace.</p> <p>Underlying principles:</p> <p>Workplace transformation is an organisational imperative not a compliance issue.</p>	<ul style="list-style-type: none"> To promote the constitutional rights of equality; To encourage participative workplace democracy; To eliminate all forms of unfair discrimination in employment in the workplace. To achieve a diverse workforce that is representative of the people of KwaSani in particular and KwaZulu- Natal in general. Implement policies to address any under-representation of particular groups in our recruitment, retention, promotion policies. 	<ul style="list-style-type: none"> Employment Equity Act in place and implemented. Skills Development Act is enforced and implemented. National constitution. Recruitment & Selection Policy. Affirmative Action is highly considered and enforced.

EMPLOYEE TOTAL S, TURNOVER AND VACANCIES					
	2009/2010	2010/2011			
Description	Employee Number	Approved post No.	Employees No.	Vacancies No.	Vacancies %
Council & executive	10	11	11	-	0%
Finance & administration	14	22	16	6	27%
Public safety	1	2	2	1	50%
Community & social services	1	2	2	-	0%
Roads	3	3	3	-	0%
Planning & development	3	5	5	-	0%
Waste management	8	7	7	-	0%
Other(torism)	2	2	2	-	0%
Works	33	31	31	-	0%
Total	75	85	79	7	8%

STATICAL INFORMATION FOR HUMAN RESOUCES AS AT January 2011 EMPLOYMENT EQUITY:

TOTAL WORKFORCE – POSTS:

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENT: REQ FIGURE/ W/ FORCE
African Female	39
African Male	29
Coloured Female	1
Coloured Male	1
Indian Female	1
Indian Male	0
White Female	5
White Male	3
TOTAL	79

EMPLOYEES WITH DISABILITIES

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENT: REQ FIGURE/ W/ FORCE
African Female	0
African Male	0
Coloured Female	0
Coloured Male	0
Indian Female	0
Indian Male	0
White Female	1
White Male	0

EMPLOYMENT EQUITY FOR TOP MANAGEMENT LEVELS (SECTION 57)

TARGET GROUP: GENDER AND RACE	LEVEL OF REPRESENT: REQ FIGURE/ W/ FORCE
African Female	0
African Male	3
Coloured Female	0
Coloured Male	0
Indian Female	1
Indian Male	0
White Female	1
White Male	0

PENSION FUNDS AND MEDICAL AIDS

PENSION FUNDS	MEDICAL AIDS
Natal Joint Municipal Pension Fund	Key Health
Municipal Employees Pension Fund (MEPF)	Bonitas
SAMWU Pension Fund	Samwumed
SALA	LA Health

STAFF COSTS REFLECTED AS A PERCENTNAGE OF TOTAL OPERATIONAL EXPENDITURE

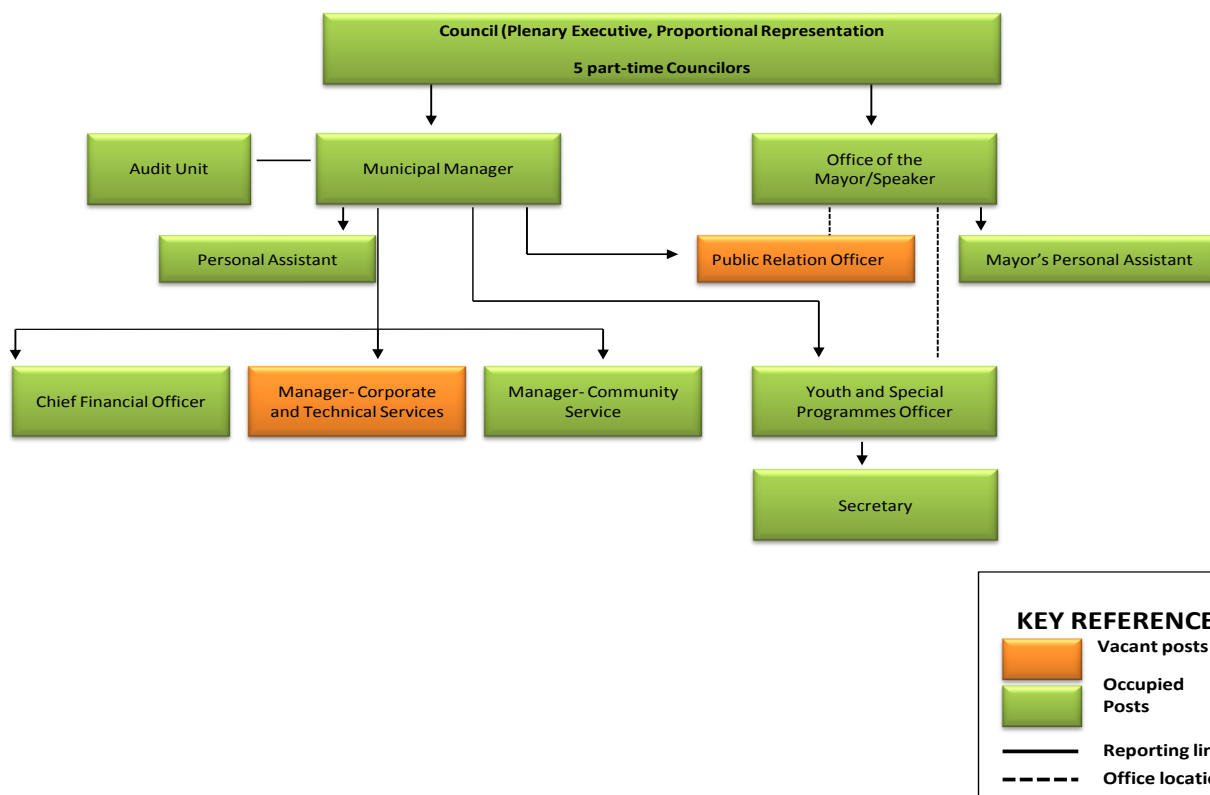
QUALIFICATION PROFILE – LEADERSHIP AND GOVERNANCE AND MANAGERS:

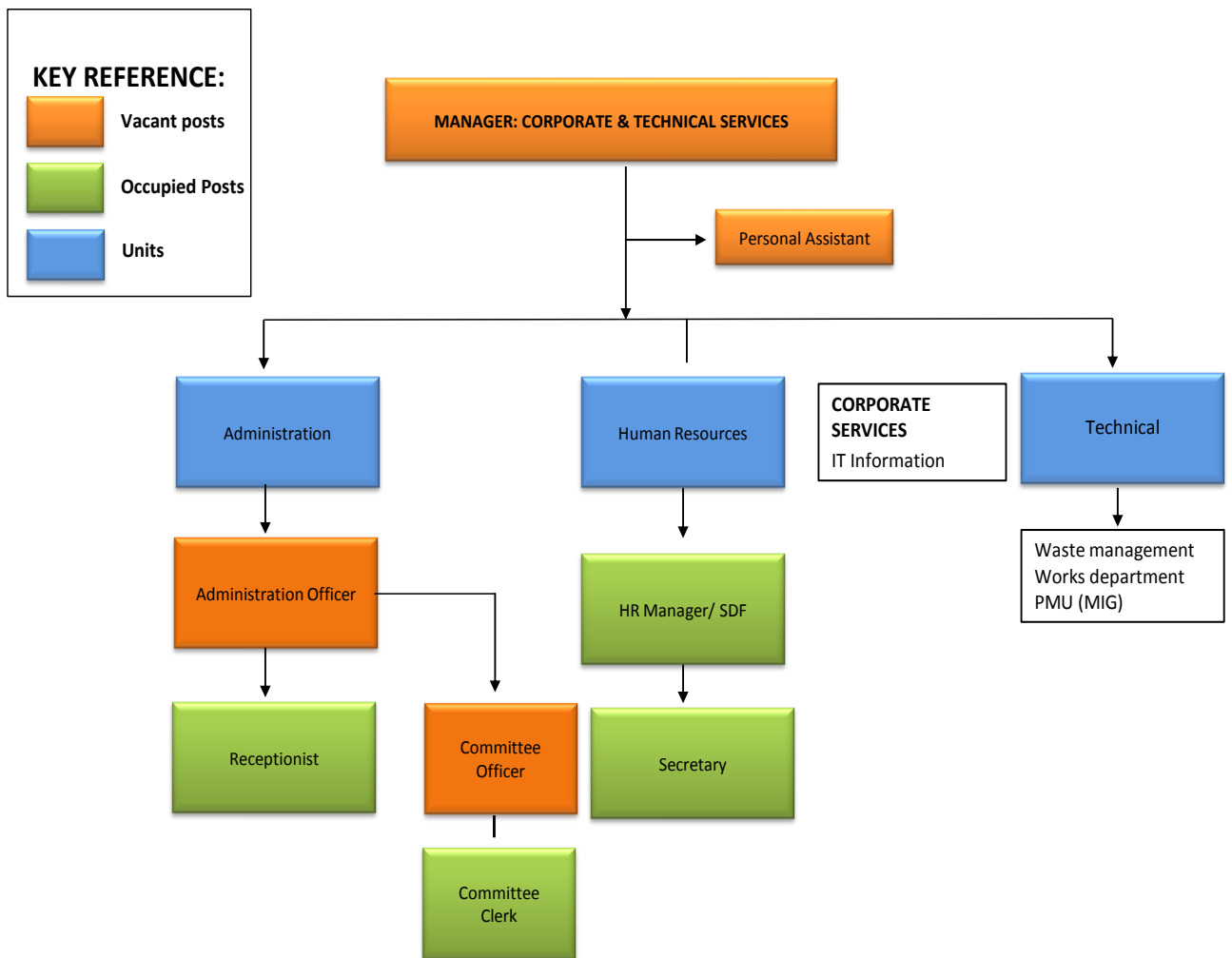
	Below NQF 1	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6	NQF 7	NQF 8	NQF9
Mayor				1						
Councillors					4	1	1			
Municipal Manager						1				
Budget & Treasury								1		
Social Development						1				
Infrastructure Plan						2	1			
Corporate Services							1			
TOTAL	0	0	0	1	4	4	3	1	0	0

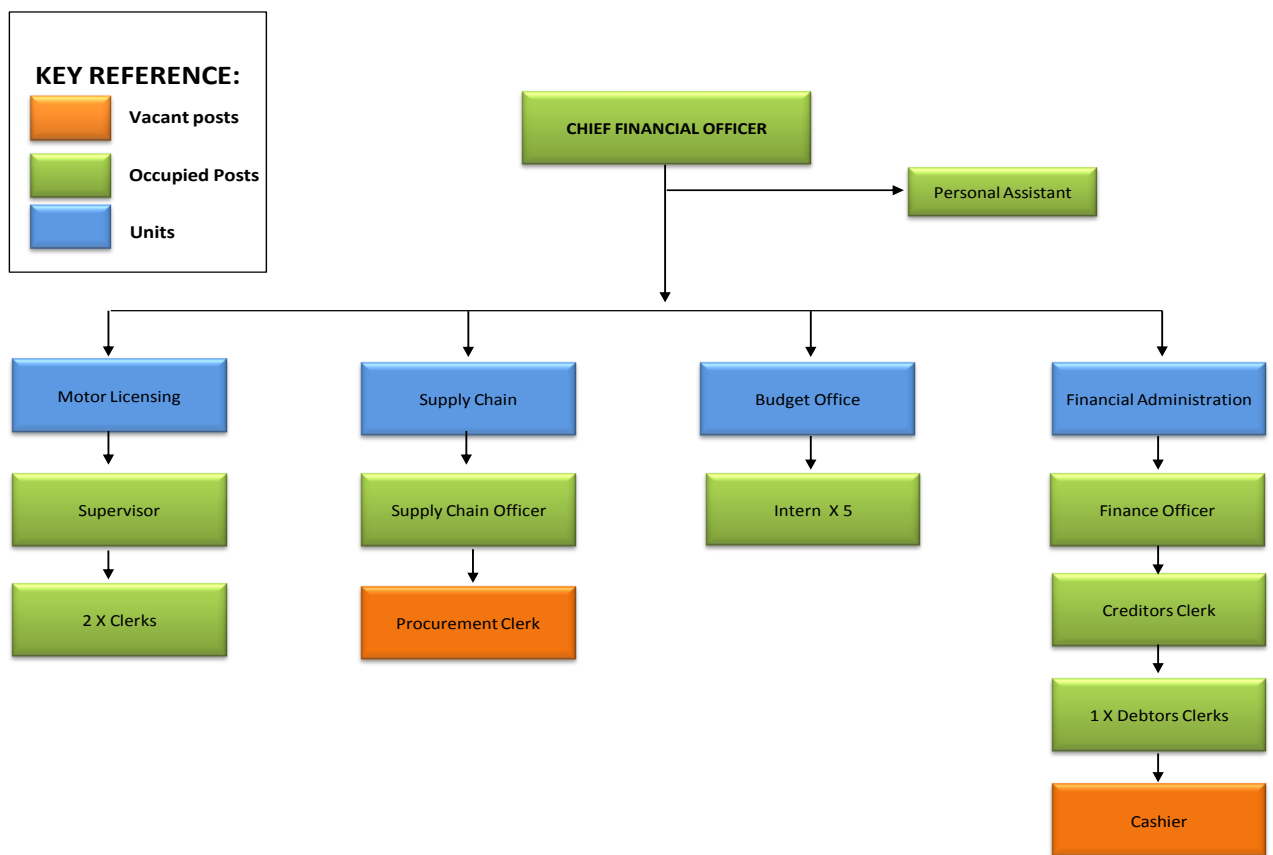
SKILLS PROFILE

ITEM DESCRIPTION	TOTAL NUMBER
Professionals	20
Semi-skilled	59
Unskilled	0
TOTAL	79

FUNCTIONAL ORGANOGRAM







INTRODUCTION

Sound financial management practices are essential to long term sustainability of municipalities. This report will endeavor to outline strategies aimed at strengthening the financial viability of the Kwa Sani Municipality. The implementation of sound financial management practices, development and ongoing implementation of innovative solutions on revenue management, strict application of credit control measures and implementation of a comprehensive capacity building strategy will have to be developed, implemented and continuously monitored. Good management accounting is essential both for proper and fair tariff setting and performance monitoring. Without this as a firm basis it is not possible to properly manage the affairs of a municipality.

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash flow Management and Investment
- Component D: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Revenue Collection Performance by vote and by source are included in the table below.

FINANCIAL PERFORMANCE

Operating Ratio's

Detail	R	%
Employee Cost	11 136	34%
Repairs & Maintenance	477	1%
Finance & Depreciation	1 950	6%

OPERATING RATIOS:

Employee costs are expected to be in the region of 30% to total operational costs. In the case of Kwa Sani it is higher due to the high level of staff that is employed for a municipality of this size.

Repairs and maintenance should approximate 20% of our total operating costs. It is considerably lower which is an indication that the assets that the municipality utilise to effect service delivery are not adequately maintained. This may result in early replacement of assets.

Finance and depreciation cost are within the norm.

FINANCIAL PERFORMANCE

Description	Actual Income 2010/2011	Original Budget	Adjusted Budget	Actual 2010/20 11	Actual % Of Final Budget	Actual % Of Original Budget
	R' 000	R' 000	R' 000	R' 000	%	%
<u>Financial Performance</u>						
Property Rates	7 953	8 358	9 130	9 974	109	119
Service Charges	1 689	3 319	2 368	1 837	78	55
Investment Revenue	489	400	519	480	92	120
Transfers Recognised – Operational	40 949	12 224	11 965	22 226	186	182
Other Own Revenue	1 163	929	1 330	1 140	86	123
Total Revenue (Excluding Capital Transfers & Contributions)	52 243	25 230	25 312	35 657	551	599
Employee Costs	7 980	10 105	9 563	10 144	106	100
Remuneration Of Councillors	1 140	1 223	1 197	992	83	81
Debt Impairment	25	200	200	176	88	88
Depreciation & Asset Impairment	1 414	1 703	1 703	1 694	99	99
Finance Charges	133	116	116	256	221	221
Materials & Bulk Purchases	-	90	62	-	-	-
Transfers & Grants	-	132	67	-	-	-
Other Expenditures	32 161	11 652	12 395	19 887	160	171
Total Expenditure	42 853	25 221	25 303	33 149	758	760
Surplus/(Deficit)	9 390	9	9	2 508	-207	-161
Transfers Recognised – Capital		-	-		-	-
Contributions Recognised - Capital & Contributed Assets		-	-		-	-
Surplus/(Deficit) After Capital Transfers & Contributions	9 390	9	9	2 508	-207	-161
Share Of Surplus/(Deficit) Of Associate		-	-			
Surplus/(Deficit For The Year)	9 390	9	9	2 508	-207	-161
<u>Capital Expenditure & Funds Sources</u>						
Capital Expenditure						
Transfers Recognised – Capital Public Contributions & Donations		14 058	11 420	9 805	85.86	69.75
Borrowing		-	-	-	-	-
Internally Generated Funds		1 139	1 263	489	38.72	42.93
Total Sources Of Capital Funds		15 197	12 683	10 294	125	113
<u>Cash flows</u>						
Net Cash From (Used) Operating		20 944		3 937		
Net Cash From (Used) Investing		-200		-4 027		
Net Cash From (Used) Financing		-		-322		
Cash/Cash Equivalents At The Year End		20 744	-	-412	-	-

Grant Performance						
Description	2009/2010	Budget Year 2010/11				
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
R thousands						
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	9 758	11 204	11 243	11 004		
Equitable share	6 892	8 754	8 754	8 754	0%	0%
Finance Management	2 131	1 500	1 500	1 500	0%	0%
Municipal Systems Improvement	735	750	750	750	0%	0%
Capacity Building		200	239		-100%	-100%
Free Services Grant*		132	0		-100%	-100%
Provincial Government:	–	200	–	–		
Capacity Building / Flanders Programme		200	–	–	-100%	0%
District Municipality:	436	–	54	257	–	0
Shared Planner	436		54	257	0%	79%
Other grant providers:	–	–	–	–	–	–
National Backlogs electrifications (National)	–		–		0%	
Total operating expenditure of Transfers and Grants:	10 194	11 404	11 297	11 261	-1%	0%
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	33 713	6 557	3 198	2 037	(0)	0
Municipal Infrastructure (MIG)	10 214	6 557	3 198	1 882	-248%	-70%
Housing	23 499		–	155	100%	100%
Other capital transfers/grants						
Provincial Government:	–	7 488	7 488	7 488	–	–
Integrated National Electrification Grant	–	7 488	7 488	7 488	–	–
District Municipality:	–	–	(0)	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
Other grant providers:	1 343	–	–	1 443	0	0
DBSA			–	285	100%	100%
COGTA	1 343		–	1 157	100%	100%
Total capital expenditure of Transfers and Grants	35 056	14 045	10 686	10 968	-28%	3%
Total capital expenditure of Transfers and Grants	45 250	25 449	21 983	22 229	-14%	1%

OPERATING TRANSFERS AND GRANTS:

Finance Management Grant and Municipal Systems Improvement Grant was received as indicated above from National treasury. FMG was utilized for payments effected to a service provider for the preparation of the 2009/2010 annual report, month end compilation of S71 Returns to Treasury and preparation of the annual financial Statements. Payments were made to interns in the form of salaries as well.

MSIG was used for a CPMD course that was attended by the accounting officer and the Mayor. Payments were also made towards the valuation roll.

Funds received, in the region of R1 000 000 was received from COGTA for the establishment of a municipal pound. This project is still in its early teething stages as the terms of reference has recently been signed and submitted back to COGTA.

R257 000 was received from the district for the services of a shared town planner. These funds have been spent in full.

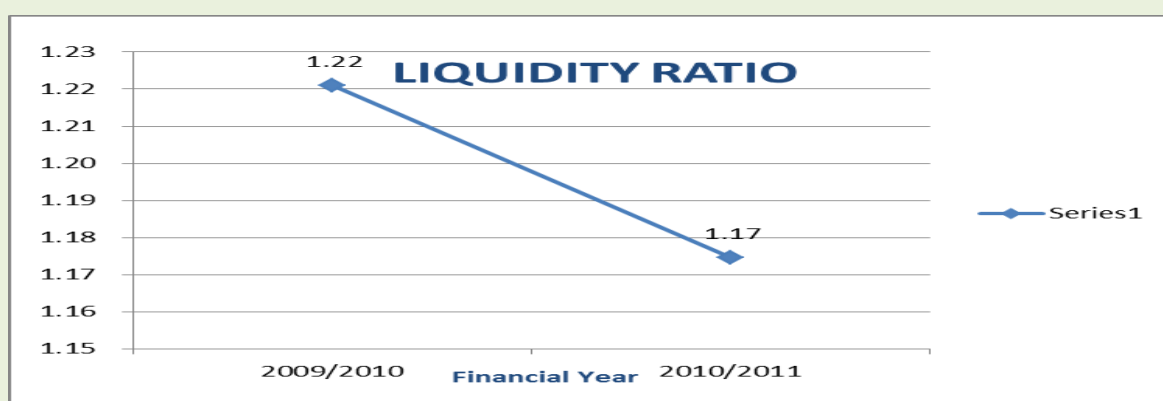
INTRODUCTION TO ASSET MANAGEMENT

Asset management is a critical function however it receives little attention. Assets of the municipality are utilized to effect service delivery. It is therefore critical that these assets be maintained in order to maximize the benefit of their useful life. Due to budget constraints, a minimal amount is re invested in the repairs and maintenance of these assets. Repairs and maintenance was discussed in the table below.

Assets that assist in service delivery are mainly the fleet of vehicles, particularly the refuse truck. Other items relates to small tools and brush cutters utilized on a day to day basis.

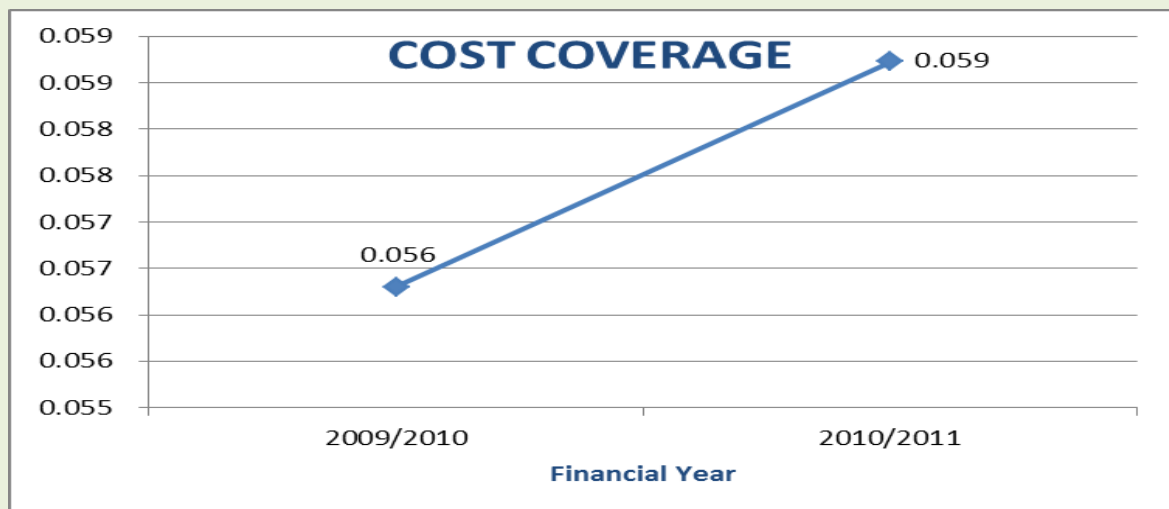
Other major asset relate to municipal roads, sports fields and community halls.

FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

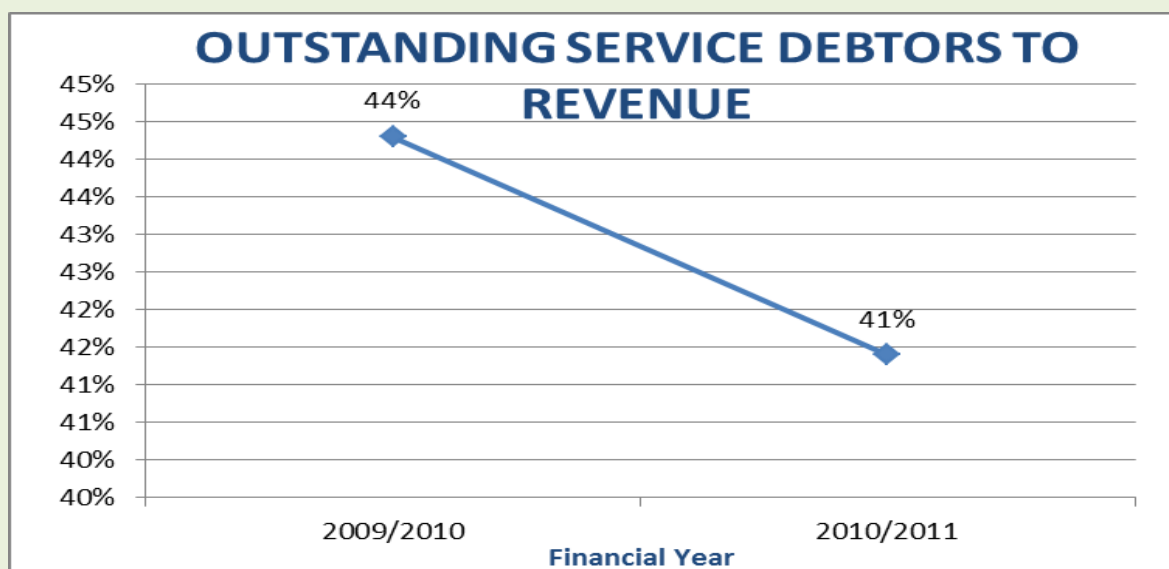


Liquidity ratio indicates the municipality's ability to pay its bills. The acceptable norm is great than 2. There is a downward trend from the previous financial year. This is the result in a decrease in cash and

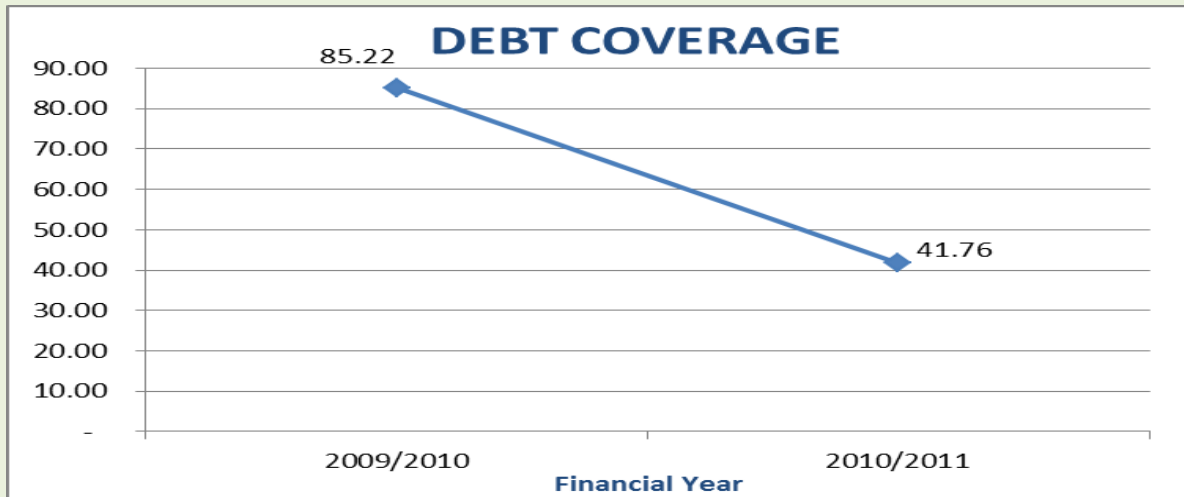
cash equivalents and investments as salary scales increased through the job evaluation process that was conducted by SALGA. As a result of the job evaluation, employees salaries were back dated by nine months. Also contributing to the downward hike was the increase in leave pay provision which accrued in terms of the Basic Conditions of Employment Act rate and is accumulated to maximum of 48 days per employee.



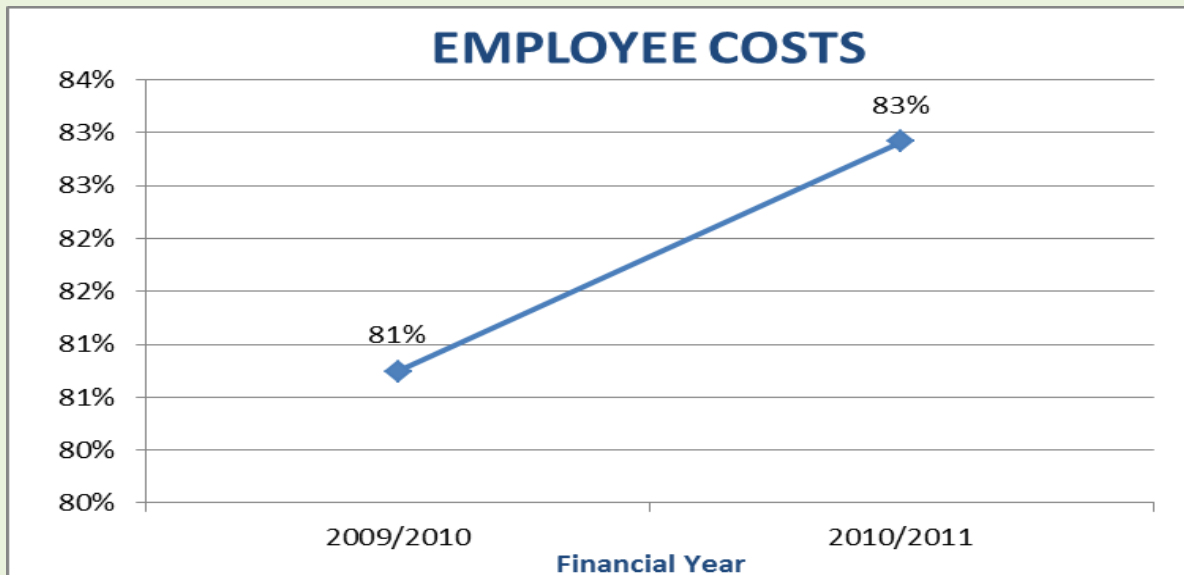
Cost Coverage is the number of months that the municipality will be able to pay its bills based on the liquid cash it has available. This clearly indicates that the municipality will only be able to survive and average of 1.8 days.



Outstanding Services Debtors to Revenue measures how much money is still owed by the community for refuse removal compared to how much money has been paid for these services. A lower score favours the municipality. Although there has been a decrease in the percentage in the current year, this can be attributed to the revenue randage levied increasing.



Debt Coverage refers to the number of times the municipality will be in a position to pay for its debt with its own revenue, excluding grants. It should also be noted that there has been a twofold decrease in the number of times that the municipality could pay for its debt, all within 12 months.



Employee Costs measure the amount of revenue, after removing capital revenue that is utilized to pay for employee salaries. The salaries above include councilor's allowances. The escalating rate of an average of 82% can be deemed excessive. The increase in the current year is also due to the increase in employee's salary grades due to the job evaluation that was conducted.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

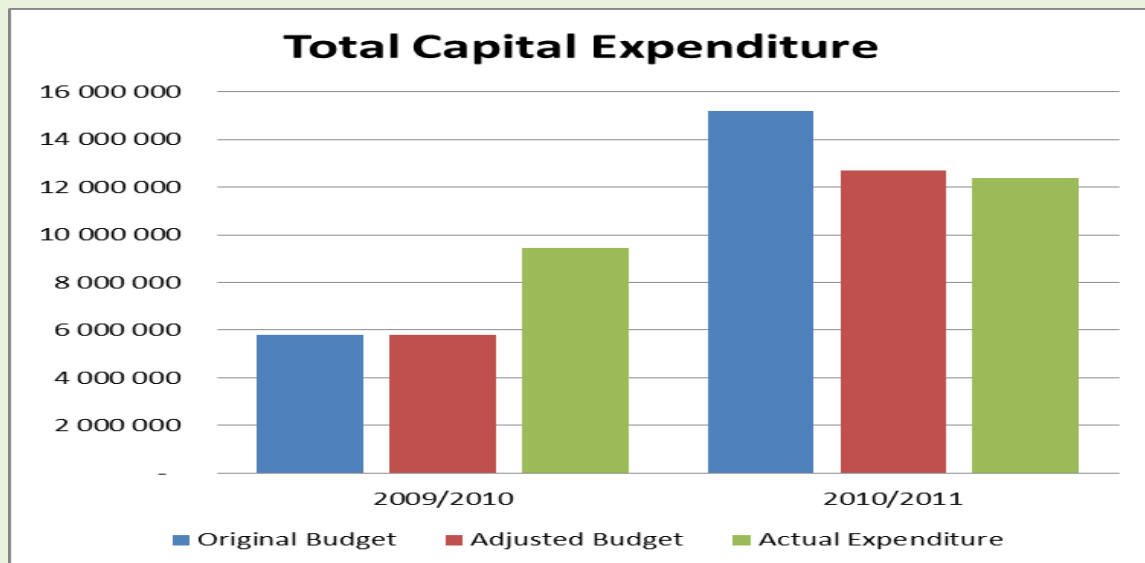
Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses.

Funding sources are also indicated for capital expenditure undertaken. Refer to table below. Expenditure in the 2010/2011 year related to construction of 4 community halls, graveling off roads, clearing and shaping of side drains and the electrification project. All the above projects were funded via grants received from MIG, with the exception of the electrification of 2 rural areas. This project was funded by the Department of Energy. Variances exist between the 2010/2011 original budget, adjustment and actual expenditure as a result of expenditure on community halls. This had decreased by approximately R3, 4 m.

Other capital purchases related to the purchase of 3 municipal vehicles and laptops for interns in the finance department.

Total Capital Expenditure

Detail	2009/2010	2010/2011
Original Budget	5 815 650	15 196 600
Adjusted Budget	5 815 650	12 682 631
Actual Expenditure	9 439 354	12 387 676



SOURCES OF FINANCE

Capital Expenditure-Funding 2009/10-2010/11							
Details		2009/10	2010/11				
			R'000				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of Finance							
	Grants and Subsidies	8 313	14 058	11 420	11 165	-23%	-26%
	Internal	1 126	1 139	1 263	1 223	10%	7%
Total		9 439	15 197	12 683	12 388	-13%	-19%
Percentage of Finance							
	Grants and Subsidies	88%	93%	90%	90%	174%	136%
	Internal	12%	7%	10%	10%	-74%	-36%
Capital Expenditure							
	Community halls	-	4 777	1 418	-	-237%	-100%
	Sports field	437	-	685	769	100%	100%
	Electricity	-	7 488	7 488	7 386	0%	-1%
	Housing	-	-	-	-	0%	0%
	Roads and Storm water	-	1 893	1 908	1 490	1%	-27%
	Other	9 002	1 039	1 184	2 743	12%	62%
Total		9 439	15 197	12 683	12 388	-124%	34%
Percentage of expenditure							
	Community halls	0%	31%	11%	0%	191%	-297%
	Sports field	5%	0%	5%	6%	-81%	297%
	Electricity	0%	49%	59%	60%	0%	-4%
	Housing	0%	0%	0%	0%	0%	0%
	Roads and Storm water	0%	12%	15%	12%	-1%	-80%
	Other	95%	7%	9%	22%	-10%	184%

SOURCES OF FUNDING

Capital projects are funded primarily through grant funding. It is evident that 88% to 90% of the funding in the 2009/2010 and 2010/2011 financial year was funded from MIG and Electrification projects.

In the 2010/2011 financial year there was variance of 13% between the operating budget and the actual expenditure and 19% between the adjustments budget and actual expenditure. This is due to R3 400 000 worth of grant funding was not paid to the municipality. Also, expenditure of approximately R1 400 000 for community halls was not spent per adjustments budget.

CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL SPENDING ON 5 LARGEST PROJECTS*					
R'000					
Name of Project	Current Year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
A- Housing			57 399		
B- Kwa-Pitela community hall	1 194	1 949	1 949	39%	0%
C- Mkhomozana community hall	1 194	1 778	1 778	33%	0%
D- Ntwasahlobo community hall	1 194	1 774	1 774	33%	0%
E- Enhlanhleni community hall	1 194	1 754	1 754	32%	0%

*Projects with the Highest capital expenditure in 2009/10

Name of Project-A	Housing
Objective of Project	To provide houses for the community
Delays	None
Future Challenges	Stopped by human settlements as there was aquery about quality of houses built.
Anticipated citizen benefits	400 houses to be completed

Name of Project-B	Kwa-Pitela community hall
Objective of Project	To provide a place where community can hold meetings and events
Delays	None
Future Challenges	None
Anticipated citizen benefits	Community provided with a facility to hold events.

Name of Project-C	Mkhomozana community hall
Objective of Project	To provide a place where community can hold meetings and events
Delays	None
Future Challenges	None
Anticipated citizen benefits	Community provided with a facility to hold events.

Name of Project-D	Ntwasahlobo community hall
Objective of Project	To provide a place where community can hold meetings and events
Delays	None
Future Challenges	None
Anticipated citizen benefits	Community provided with a facility to hold events.

Name of Project- E	Enhlanhleni community hall
Objective of Project	To provide a place where community can hold meetings and events
Delays	None
Future Challenges	None
Anticipated citizen benefits	Community provided with a facility to hold events.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT

Cash Flow Outcomes

	R'000	
	2009/10	2010/11
Description	Audited Outcome	Actual
Cash Flow from Operating Activities		
Cash receipts from customers	55345	24457
Cash paid to suppliers and employees	-42320	-20785
Interest income	489	480
Finance cost	-133	-256
NET CASH FROM(USED) OPERATING ACTIVITIES	13381	3896
Cash Flow from Investing Activities		
purchase of property, plant and equipment	-9439	-4869
Proceeds from sale of property, plant and equipment	93	42
Proceeds from sale of investments	-3649	859
Purchase of intangible assets	0	-17
NET CASH FLOW FROM INVESTING ACTIVITIES	-12995	-3985
Cash Flow from Financing Activities		
Repayments of borrowings	-339	-322
NET CASH FLOW FROM FINANCING ACTIVITIES	-339	-322
Net Increase (Decrease) in Cash held	47	-412
Cash/cash equivalents at the year begin	1060	1107
Cash/cash equivalents at the year end	1107	695

INTRODUCTION TO BORROWING AND INVESTMENTS

The municipality has a loan with DBSA. All particulars are disclosed in the Annual Financial Statements. Please refer to Annexure 1.

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution	The distribution of capacity to deliver services.

indicators	
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance	Generic term for non-financial information about municipal services and

Information	activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

KWA SANI MUNICIPALITY



OVERSIGHT REPORT FOR 2010/2011

Prepared by: KWA SANI MPAC AND OVERSIGHT COMMITTEE

Names:

Councillor Crawley

Councillor Mqwambi

Councillor Radebe

Councillor Mncwabe

Councillor Majozi

Mr. R Jardine

DATED: 22nd March 2012



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1. INTRODUCTION

In terms of the Municipal Finance Management Act and the Municipal Systems Act, municipalities must prepare an Annual Report for each financial year. The purpose of the report is to:

- Provide a record of the activities of the municipality
- Provide a report on performance in service delivery against the budget
- Provide information that supports the revenue and expenditure decisions made and
- Promote accountability to the local community for decisions made.

It is important for council to ensure that the budget gives effect or expression to priorities in the IDP. There should be an explicit linkage between strategic goals, set by council through the IDP, which are translated into the budget, and the delivery of those goals, which is reported in the Annual Report.

The 2010/2011 Annual report was tabled in Kwa Sani council on 25th January 2012.

The final step in the reporting is for council to consider the Annual Report in the light of the findings contained in an Oversight Report. The Oversight Report must be compiled by non-executive councillors and members of the community as it represents a separation of powers between the Executive (council and the Administration) and is aimed at enhancing accountability and good governance. The MPAC/Oversight Committee is established and approved at council. Municipal Officials cannot be members of an oversight committee as this will pose a conflict of interest. Assistance from the municipality's Audit Committee in the review process is recommended as a major source of independent specialist advice.

2. LEGISLATIVE MANDATE FOR THE OVERSIGHT REPORT

Section 129(1) of the Municipal Finance Act (Act No:56 of 2003) states that the Council of the Municipality must consider the Annual Report of the Municipality and by no later than two months from the date on which the Annual Report was tabled in the council adopt an Oversight Report containing the Council's comments on the Annual Report, which must include a statement whether the Council has:

- Approved the Annual Report with or without reservations
- Rejected the Annual Report or
- Has referred the Annual Report back for revision of those components that can be resolved



3. COMMENTS ON THE ANNUAL REPORT

The requirements of the Annual Report are set out in the various Acts, together with an indication of the level of compliance as set out below:

3.1 MUNICIPAL FINANCE MANAGEMENT

LEGISLATIVE REQUIREMENT	LEVEL OF COMPLIANCE	FURTHER ACTION NEEDED
a) Annual Financial Statements to be compliant with applicable accounting practices (GRAP)(refer AG report and Audit Committee report)	Compliant in accordance with SA Standard of GRAP and requirements Of MFMA and DORA- Confirmed by AG report (page 84)	N/A
b) Auditor General's report to be included in the Annual report	Compliant (page 84)	N/A
c) Explanations to be included that are necessary to clarify issues in connection with the financial statements.	Compliant however page numbering is inexplicit and confusing on hard copies given to councillors. Also Contents/ Index not completed	Annual Report Table of Contents to be completed on Councillors copies
d) An assessment on arrears on municipal taxes and service charges to be included- Sufficient explanation of causes of arrears and action to be taken to remedy situation	Non- Compliant. This has not been attended to by accounting officer and not included in the Annual report. See also CoGTA Report dated 20.02.2012 Para 2.	This assessment must be actioned by the Accounting Officer and presented to council.
e) Particulars of corrective action- are the issues minor or serious?	This has been included. However the Annual report tabled at council and given to councillors does not show this report after the AG report nor in the table of contents- However can be found on page 128 (annexure 2)	The Council must receive an updated and professionally prepared Annual Report.
To what extent are they the same issues raised in previous years?	Issues in terms of irregular monitoring and supervision of SCM and compliance with municipal SCM regulations have again been reported. Also the council did not exercise oversight over the IDP and performance reporting. The issue regarding over R5, 8 million in irregular expenditure against R15, 8 million general expenses is cause for concern. PMS again reported as not	This needs to be seriously addressed and eliminated in the future. The SCM policy must be implemented and strictly monitored.



KWA SANI MUNICIPALITY OVERSIGHT REPORT 2010/2011

<p>Is the action proposed adequate?</p> <p>Is schedule of action to be taken included in annual report and does it contain appropriate due dates?</p>	<p>being implemented.</p> <p>Action plan adequate.</p> <p>Compliant.</p>	<p>The Action plan to be monitored and progress report tabled at council on a monthly basis.</p>
<p>f) Budget of municipality must contain measurable performance objectives for revenue and expenditure from each source and for each vote in the budget. These objectives to be in annual report and reported on performance accordingly</p> <p>Has performance met expectations of council and community?</p> <p>What explanations for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>The Annual Report does not contain an assessment of Performance against measurable performance objectives for revenue collection from each source and for each vote in the municipalities approved budget by the accounting officer as per section 121(3)(f). Also see CoGTA report d.d.20.02.12 Para 1</p> <p>The majority of the community needs to have the Annual Report presented to them in an “easy to understand” format. This also applies to Ward Councillors. This will then give them a better understanding of the Annual Report and feedback will be received.</p> <p>As above</p> <p>As above</p>	<p>PMS must be implemented as a matter of urgency.</p> <p>Annual Report road shows to be held with the communities. Develop an “easy to understand”, summarised version of the Annual Report. <i>Raise this issue with CoGTA as well as the administration.</i></p>



g) Audit committee - recommendations in relation to AFS and audit reports:	Audit Committee report done (page 132) However page 134 Para 3 refers to Ingwe Municipality	This report needs to be amended. Also report only available under separate download on website- not with complete Annual Report and very difficult to access.
Have the recommendations been adequately addressed? Conclusions on these recommendations and actions required tables should be incorporated in oversight report	There is no evidence of report giving a response to the Audit Committee's report in report tabled at Council	Needs to be addressed.

3.2 ALLOCATIONS RECEIVED AND MADE

LEGISLATIVE REQUIREMENT	LEVEL OF COMPLIANCE	FURTHER ACTION NEEDED
a) Annual Report to disclose *Details of conditional grants received from national and provincial spheres	Sources of finance, grants and subsidies are on page 77. However details do not disclose source of funding for specific projects. Need to query all the issues and costs around the Housing Projects, including Maguswana. There are inconsistencies in housing numbers and expenditure – e.g. 400 houses mentioned in Annual Report and 334 houses mentioned in Community Services & Planning performance report. There is a concern with the way forward of the halted projects. No indication has been given. Future challenges are indicated as “none” however the impact of the sustainability of these projects needs to be assessed and tabled at Council.	A extra column needed to align projects with source of funding. Outstanding issues need to be dealt with.
*Details of conditional grants	Grant received from Sisonke	Accounting Officer



KWA SANI MUNICIPALITY OVERSIGHT REPORT 2010/2011

received from a municipal entity or other municipality	District municipality- unspent The full details were not presented to Council nor referenced back to IDP	to report to Council re the unspent Grants.
*Details of allocations made to any other organ of state, another municipality or entity	n/a	
b) Information in relation to the extent to which conditions of the grants were met in receipt and expenditure	Included in notes to financial statements pg. 111/112 However full details required of reasons for unspent grant funding and council approval not adequately advised	Accounting Officer to report to Council re the unspent Grants.
c) Information relating to outstanding debtors and creditors of municipality	Included in notes to financial statements pg. 105	
d) Information regarding the benefits paid to Councillors, Managers and officials -Information properly disclosed? -conditions of allocations met?	Included in notes to financial statements pg. 30 & pg. 147	

3.3 MUNICIPAL PERFORMANCE

LEGISLATIVE REQUIREMENT	LEVEL OF COMPLIANCE	FURTHER ACTION NEEDED.
a) Has the performance report been included in the annual report?	Lack of Performance Management System has been identified and raised by both the AG report and Audit Committee. Also raised in CoGTA report dated 200212 Para 1.	PMS needs to be implemented.
b) Have all performance targets been included in report?	Performance targets do not show qualitative outcomes e.g. 4 meetings held and no beneficial outcome.	Performance targets need to be set and qualitative assessments performed.
c) Does the performance evaluation in the Annual Report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?	The lack of Performance Management system has once again been seriously raised by both the AG and Audit Committees	PMS needs to be implemented.
d) In terms of key functions or services, how has each	Needs to be addressed	As above



KWA SANI MUNICIPALITY OVERSIGHT REPORT 2010/2011

performed?		
e) To what extent have targets been achieved?	Needs to be addressed	As above
f) Are the Council and the community satisfied with the performance?	Council have raised concerns and will address with new Accounting officer as a priority. Community has not given feedback.	Needs to be addressed
g) What actions have been taken and planned to improve performance?	Needs to be addressed	Needs to be addressed
h) Is there a correlation with the targets set for the municipality and the targets set for the Municipal Manager and HOD's?	Needs to be addressed	Needs to be addressed
i) Does the Annual Report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	Room for improvement	Needs to be addressed
j) Taking into account the audit report and opinion and the views of the Audit Committee, is performance considered to be efficient and effective?	Municipality received an unqualified report with comments but there is room for improvement.	Needs to be addressed
k) To what extent have actions planned for the previous year been carried over to the financial year reported upon?	Comparison of the current targets set for and performances in previous financial year as per section 46(1) (b) of MSA not evident. Also raised by CoGTA report dated. 20.02.12 para 3.	Needs to be addressed in following Financial Year.
l) Have any actions planned in the reported year been carried over to current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?	As above	Needs to be addressed

3.4 GENERAL INFORMATION

LEGISLATIVE REQUIREMENT	LEVEL OF COMPLIANCE	FURTHER ACTION NEEDED
a) Service delivery performance on key services provided	No report on this	Needs to be actioned.
b) Long term contracts information and compliance	Details of contractors on page 144. However details of compliance not presented. Concern raised re "indefinite contracts".	Extra column required to give details of proof of compliance



KWA SANI MUNICIPALITY OVERSIGHT REPORT 2010/2011

	Ian Gordon Property Valuers cc has end date of 2013/06/01 – this is not correct. Concern raised re escalation clauses on long term contracts (e.g. 15% on Skyes Office equipment (Nashua))	
c) Information technology and systems purchases and effectiveness of systems and compliance	No details on this.	To be completed
d) Three year capital plan for addressing infrastructure backlogs in terms of Municipal Infrastructure Grant (MIG) framework	Linkage to IDP; SDBIP and Turnaround Strategy not presented.	To be completed

3.5 OTHER CONSIDERATIONS

a) Timing of reports – was report tabled in the time prescribed?	Report was tabled on 25th January 2012. However it is evident that the report was not fully complete as items were missing and only included after the council meeting. The report on the website is very difficult to access and cumbersome.	Annual report must be fully completed and presented in a professional format to Council. Municipality needs to investigate the employment of a competent web master.
b) Payment of performance bonuses to municipal officials Have bonuses been paid based on achievements of agreed outputs and after consideration of annual report by council? Was evaluation approved by council? Does performance evaluation align and reconcile with performance reported in the annual report? Are payments justified in terms	As the performance system is not in place, no evidence of performance bonuses having been paid. However, an annual bonus was paid to Sect 57 managers based on contracts. These were not presented to council for approval. As above As above	PMS to be implemented. PMS to be implemented PMS to be implemented



of performance reported in annual report?		
c) Public Consultative meetings: Meetings conducted by ward councillors and feedback documented	Ward committees were only formed in September 2011. The majority of the community needs to have the Annual Report presented to them in an “easy to understand” format. This also applies to Ward Councillors. This will then give them a better understanding of the Annual Report and feedback will be received	To be formalised before next Annual Report.
d) Residents/Ratepayers Association, Farmers Association and other organisations consulted and feedback documented	No feedback received although Annual Report was published and available at various locations.	Annual Report road shows to be held with the communities. Develop an “easy to understand”, summarised version of the Annual Report. <i>Raise this issue with CoGTA as well as the administration.</i>
e) Annual report distribution points documented and feedback documented	Distribution points were Municipal offices and Library. Feedback documented. No of responses: 0 Document placed on website, however most of the reports and addendums placed separately and report back that not a user friendly site at all. No of responses from website: 0	Annual Report road shows to be held with the communities. Develop an “easy to understand”, summarised version of the Annual Report. <i>Raise this issue with CoGTA as well as the administration.</i>



3.6 ADDITIONAL CONCLUSIONS AND RECOMMENDATIONS BY MPAC/OVERSIGHT COMMITTEE

The MPAC/Oversight Committee recommends that urgent attention is given by the Accounting Officer of the Kwa Sani Municipality and a plan of action developed and presented to Council on the following:

- a) A full review of the Municipality's Organogram with delegation of power and duties and controls of all departments in particular those of the Supply Chain Management. Skills in particular of junior staff in finance department to be urgently addressed. This also needs to address the staff cost to overall cost ratio which is excessive and needs to be at 30% - 35%, in line with National Treasury expectations.
- b) Performance Management System to be implemented with quantifiable and qualifiable key performance areas to be measured before the end of the next financial year.
- c) A report on the status of all Capital projects and expenditure to date to be tabled at next financial council meeting. Justification and approval to be sought on all deviations of expenditure to also be tabled at council.
- d) Justification for non-utilization of government grants to be reported and approval to be sought by council at next financial council meeting.
- e) Assessment by accounting officer on arrears in municipal taxes and service charges per section 121 (3) e and plans to recover to be tabled at council at next financial council meeting.
- f) The accounting officer to prepare a monthly report which includes status of service delivery, progress with turn-around strategy to be tabled at council on a monthly basis.
- g) Asset management is a cause for concern such as vehicles, property, sports fields and community halls. The roads, although some work has been done, give an indication that maintenance is not being done on a proactive basis and due diligence is not being exercised over the municipality's assets.
- h) The waste disposal issue needs to be addressed urgently as the cost to send refuse to Pietermaritzburg is excessive and the small rates base will not sustain this expense.
- i) Despite there being a housing shortage, and the condition of present RDP houses is deteriorating and creating a health hazard, little is being done in conjunction with the Dept. of Human Settlements to address this sensitive issue. The land shortage issue needs urgent attention with the Department of Land Reform as this continues to remain unresolved.
- j) As there is no formal report on projects or service delivery from Sisonke District municipality on their areas of responsibility and accountability, an updated report needs to be presented to Council on a monthly basis.

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**ANNEXURE A: OVERSIGHT PROCESS FOLLOWED**

- 1: The full council meeting was held on 25th January 2012 when the 2010/2011 Annual Report was tabled
- 2: The Annual Report was disseminated at strategic points throughout the municipal area with the invitation to make comments by 26th February 2012
- 4: The MPAC/ Oversight Committee was appointed by the council and comprises 5 non-executive councillors- 4 ANC and 1 DA The DA Councillor was nominated at council to be the Chair of the Committee. There is also 1 private public member of the committee.
- 5: The MPAC/Oversight Committee convened at the Audit Committee, Auditor General and CoGTA meeting on 17th February 2012 to consider the Annual report at Ingwe.
- 6: The MPAC/Oversight Committee convened on Wednesday 22nd February 2012 to consider the Oversight report against the legislative requirements and to make recommendations to council
- 7: The MPAC/Oversight Committee convened on 13th March 2012 to consider the final input to the Oversight report against legislative requirements and to finalise recommendations to council.
- 8: The MPAC/Oversight Committee approved the Oversight report on 13th March 2012.
- 9: The MPAC/Oversight Committee recommends that the oversight report to be tabled at full council on 22nd March 2012.



ANNEXURE B: COPIES OF MINUTES

MPAC COMMITTEE MEETING

KWA SANI MUNICIPALITY

AGENDA

MPAC Committee

Hosted at: Kwa Sani Municipality

Date: 22nd February 2012

Time: 14h00

1. Opening Prayer
2. Notice of meeting and confirmation of agenda
3. Oversight Report
4. Closure

Date distributed: 20th February 2012



MPAC COMMITTEE

KWA SANI MUNICIPALITY

NOTICE is hereby given that the meeting of the Kwa Sani Municipality MPAC committee is to be held in Kwa Sani Municipality's Councillors Chambers, Himeville on **Wednesday 22nd February 2012; at 2:00pm** to consider the items set out in the Agenda, which is attached.

Yours faithfully

.....

Chief Financial Officer

DISTRIBUTION LIST

MPAC Committee

Patricia Crawley – Chairperson

Sinhle Mqwambi – member

Elizabeth Radebe – member

Patricia Mncwabe - Member

Virginia Majozi - Member

Public Member

Richard Jardine

Kwa Sani Municipality

K Mackerduth - Chief Financial Officer

Distributed: 20th February 2012

**MPAC COMMITTEE MEETING****KWA SANI MUNICIPALITY**

MINUTES OF THE MPAC COMMITTEE MEETING WHICH WAS HELD IN THE COUNCILLORS' BOARDROOM AT THE KWA SANI MUNICIPALITY OFFICES, HIMEVILLE, ON 22nd FEBRUARY 2012 AT 14H:00

PRESENT:

Kwa Sani Municipality

Patricia Crawley Chairperson

Sihle Mqwambi Member

Patricia Mncwabe Member

Tanya Piper Minutes

Public Member

Richard Jardine

1. NOTICE CONVENING THE MEETING

Clr Crawley read the notice convening the meeting as well as the agenda. Clr Crawley stated for future meetings, that the CFO was not required to attend unless specifically invited and that the Notice of the meeting should be signed by herself, as Chairperson of MPAC.



2. WELCOME

The chairperson, Patricia Crawley, welcomed all present to the meeting and thanked them for attending. Clr Mqwambi said the opening prayer

3. APOLOGIES AND/OR LEAVE OF ABSENCE

The following apologies were received:

Virginia Majozi Member

Elizabeth Radebe Member

4. OVERSIGHT REPORT

Kwa Sani Annual Report has been tabled at Council on 25th January 2012. It is now up to MPAC to take an oversight view of the Annual Report. It was noted that both Clrs Mqwambi and Mncwabe were not present at the council meeting where the Annual Report was tabled and they did not receive printed copies of the Annual Report. **Tanya to follow up on this and print out new copies for the Clrs.**

The Oversight Report is new to Kwa Sani and Clr Crawley met with the Auditor General's office to get a better idea of what was expected in an Oversight Report and received a Guidelines Report. She also researched other Municipality's Oversight Reports and found that the Mkabathini Municipality's Oversight Report was an excellent example of what could be submitted. She has based the Kwa Sani Oversight Report template on both Reports. The committee agreed that they were happy with the level of research that the Chairperson had done and are comfortable with the presented format.

The due date for presentation to council was 25th March 2012. It was noted that the "Comments" section of the report was obtained from the Auditor General's report and the Nokuthula Shongwe from CoGTA was very happy with the format of the report. She stated that Annexure A was important as it outlined the process that MPAC were following in compiling the Oversight report.

Clr Crwaley stated that the biggest oversight check to be made is the link between the IDP, the Budget and implementation of service delivery.



Richard Jardine brought up a point from the MM's report on page 6 of the Annual Report, re the Maguswana Housing Project. He stated that the figures quoted are inaccurate and need to be checked. **Tanya to follow up as with Ward Councillor 1 – Cllr Majozi.**

The Chairperson went through the Oversight Report template and elaborated on some of the questions and the level of information required back from the MPAC members. MPAC committee members were urged to go through the Annual Report to give feedback to questions posed in 3.1 of the Oversight Report template. Members are to complete level of compliance per Ward.

The members were advised to hold Ward War Room meetings in their Wards to be gather input on practical service delivery issues. A report would have to be produced thereafter, per Ward, as input into the final Oversight Report.

Cllr Crawley and Richard Jardine, together with Mr Clive Crawley, would assess the Financial Reporting found in the Annual Report and produce a report as input into the Oversight Report.

5. NEXT MEETING

It was agreed that the next meeting would take place on 13th March at 10am in the boardroom and a second meeting, to be provisionally booked, for 15th March at 10am in the boardroom, if required. Members are to please diarise both these dates.

The Oversight Report should be tabled at Council on 22nd March – **Tanya to inform the Mayor of this requirement.**

The meeting closed at 14h45



MPAC COMMITTEE MEETING

KWA SANI MUNICIPALITY

AGENDA

MPAC Committee

Hosted at: Kwa Sani Municipality

Date: 13th March 2012

Time: 10h00

1. Opening Prayer
2. Notice of meeting and confirmation of agenda
3. Oversight Report
4. Closure

Date distributed: 20th February 2012



MPAC COMMITTEE MEETING

KWA SANI MUNICIPALITY

NOTICE is hereby given that the meeting of the Kwa Sani Municipality MPAC committee is to be held in Kwa Sani Municipality's Councillors Chambers, Himeville on **Tuesday 13th March 2012; at 10:00am AND Thursday 15th March 2012** to consider the items set out in the Agenda, which is attached.

Yours faithfully

.....

Clr Crawley, Chairperson MPAC

DISTRIBUTION LIST

MPAC Committee

Patricia Crawley – Chairperson

Sinhle Mqwambi – member

Elizabeth Radebe – member

Patricia Mncwabe - Member

Virginia Majozi - Member

Public Member

Richard Jardine

Distributed: 20th February 2012

**MPAC COMMITTEE MEETING****KWA SANI MUNICIPALITY**

MINUTES OF THE MPAC COMMITTEE MEETING WHICH WAS HELD IN THE COUNCILLORS' BOARDROOM AT THE KWA SANI MUNICIPALITY OFFICES, HIMEVILLE, ON 13th MARCH 2012 AT 10H:00

PRESENT:**Kwa Sani Municipality**

Patricia Crawley Chairperson

Sihle Mqwambi Member

Patricia Mncwabe Member

Virginia Majozi Member

Tanya Piper Minutes

Public Member

Richard Jardine



1. NOTICE CONVENING THE MEETING

The notice of the meeting was read out.

2. WELCOME

The chairperson, Patricia Crawley, welcomed all present to the meeting and thanked them for attending. Cllr Mqwambi said the opening prayer

3. APOLOGIES AND/OR LEAVE OF ABSENCE

The following apologies were received:

Elizabeth Radebe Member

4. OVERSIGHT REPORT

Kwa Sani Annual Report had been tabled at Council on 25th January 2012 and all councillors had subsequently received their own copies of the Annual Report.

The meeting then worked through the Oversight Report template that had been populated, in part, by Cllr Crawley. All amendments were updated as the meeting progressed and all councillors and public member were in agreement with the template and contents of the report.

It was unanimously agreed by all MPAC members that regarding the oversight report produced, the process followed was transparent and truly reflected the sentiments of the members.

Resolution:

It was resolved that, Councillor Crawley, as MPAC chairperson, sign the Oversight Report and submit to be tabled at Council on 22nd March 2012.



Proposed by Cllr Mncwabe and seconded by Cllr Mqwambi

A special word of thanks was given to Tanya Piper for her efficiency and effective management of the administrative aspect of the Oversight Report and minuting of meetings. Her confidentiality was noted.

5. NEXT MEETING

The date for the next meeting was not set. It was noted that the meeting provisionally set down for 15th March 2012 did not need to take place as the preparation of the Oversight Report was completed.

The Chairperson will revert back when the timeframes for meetings is made available by National Government.

The meeting closed at 11h45



ANNEXURE C: SUMMARY OF WRITTEN REPRESENTATIONS SUBMITTED BY:

1. CoGTA



cogta

Department:
Co-operative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

Imibuzo : N Shongwe
Navrae :

Ucingo : 033 – 355 6294
Telefoon :

Isikhwama Seposi: Pietermaritzburg
Privaat Sak: 3200

Reference:
Inkomba : AR 2011
Verwysing:

Fax :
Feksi : 033 – 355 6292
Faks :

Date: 20 February 2012

Municipal Manager

Municipality KwaSani
32 Arbuckle Street
HIMEVILLE
3256

Dear Sir/Madam

ANALYSIS OF THE MATTERS TO BE INCLUDED IN THE ANNUAL REPORT

Please be advised that the Department of Co-operative Governance and Traditional Affairs has analyzed your 2010/11 annual report for completeness in compliance with Chapter 12, in particular section 121(3) of the Municipal Finance Management Act and section 46 of the Local Government Municipal Systems Act.

The analysis highlights that the following items were not included in your annual report:

1. Assessment of the performance against measurable performance objectives for revenue collection from each source and for each vote in the municipality's approved budget by the accounting officer as per section 121(3)(f).
2. Assessment by accounting officer on any arrears on municipal taxes and service charges as per section 121 (3)(e)
3. Comparison of the current with targets set for and performances in the previous financial year as per section 46(1)(b) of the MSA

As your annual report is being analyzed and considered by your Municipal Public Accounts Committee (MPAC) at this time, these matters are accordingly brought to your attention. Please ensure that the oversight report, adopted by your council, addressed these deficiencies.



Yours faithfully,

MRS N SHONGWE

DISTRICT MANAGER: UTHUNGULU

DEPARTMENT OF CO-OPERATIVE GOVERNANCE

AND TRADITIONAL AFFAIRS